

part 19

161220090

APPLICATION FOR APPROVAL OF ACQUISITION OF
CONTROL OF OR MERGER WITH A DOMESTIC INSURER

Genworth Life and Annuity Insurance Company (NAIC No. 65536)

Jamestown Life Insurance Company (NAIC No. 97144)

Name of Domestic Insurers

Indirect Subsidiary of

GENWORTH FINANCIAL, INC.

BY

Mr. Zhiqiang Lu

Tohigh Holdings Co., Ltd.

Oceanwide Group Co., Ltd.

China Oceanwide Holdings Group Co., Ltd.

Oceanwide Holdings Co., Ltd.

Oceanwide Capital Investment Management Group Co., Ltd.

Wuhan CBD Development & Investment Co., Ltd.

Asia Pacific Global Capital Co., Ltd.

Asia-Pacific Universe Investment (Hong Kong) Limited

Asia Pacific Insurance Holdings Limited

Asia Pacific Global Capital Limited

Asia Pacific Insurance USA Holdings Corporation

Names of Acquiring Party (Applicants)

Filed with the State Corporation Commission
Commonwealth of Virginia

Dated: December 8, 2016

ORIGINAL

Binder No. 2

161220090

Exhibit 6

Exhibit 6

Audited or Unaudited Consolidated Financial Statements of each of the Acquiring Parties
for the fiscal years ended December 31, 2015, 2014, 2013, 2012 and 2011

- i. Audited consolidated financial statements prepared in RMB and in accordance with Chinese GAAP and translated into English and converted into U.S. dollars for the fiscal years ended December 31, 2015, 2014, 2013, 2012, and 2011 for each of:
 - (a) China Oceanwide Holdings Group Co., Ltd.;
 - (b) Oceanwide Group Co., Ltd.;
 - (c) Oceanwide Holdings Co., Ltd.; and
 - (d) Wuhan CBD Development & Investment Co., Ltd.
- ii. (e) Unaudited summary financial statements prepared in RMB and in accordance with Chinese GAAP and translated into English and converted into U.S. dollars for the fiscal years ended December 31, 2015, 2014, 2013, 2012, and 2011 for Tohigh Holdings Co., Ltd.
- iii. (f) Unaudited summary financial statements prepared in RMB and in accordance with Chinese GAAP and translated into English and converted into U.S. dollars for the fiscal year ended December 31, 2015 for Oceanwide Capital Investment Management Group Co., Ltd.
- iv. (g) Unaudited statement of net worth as of June 30, 2016 (bilingual and in both RMB and USD, compiled and certified by a CPA) and unaudited income statement (bilingual and in both RMB and USD), dated from Sep 6, 2015 to Sep 6, 2016 for Mr. Zhiqiang Lu.
(Please refer to the Confidential Supplemental Binder)

China Oceanwide Holdings Group Co., Ltd.

Auditors' Report
For the Year Ended December 31, 2015

The exchange rate used to convert all RMB figures in this document into USD figures is
1 RMB: 0.1539978 USD (as of December 31, 2015).

China Oceanwide Holdings Group Co., Ltd.

2015 Consolidated Financial Statements

Auditors' Report

Zhong Xing Hua Certified Public Accountants LLP

Address: F/15, East Block of Sichuan Mansion, Fuwai Street, Xicheng District,
Beijing

Zip code: 100037

Tele: (010) 88337539

Fax: (010) 88337537

151220030

Contents

I. Auditor's Report

Page

1

II. Financial Statements

1. Consolidated Balance Sheet

1-2

2. Consolidated Income Statement

3

3. Consolidated Statement of Cash Flows

4

4. Consolidated Statement of Changes in Owner' Equity

5-6

5. Notes to Consolidated Financial Statements

1-63

Auditor's Report

ZH.X.H.S.Z (2016): No. BJ04-0180

To the shareholders of China Oceanwide Holdings Group Co., Ltd.,

We have audited the accompanying financial statements of China Oceanwide Holding Group Co., Ltd(hereinafter referred to as "the Company") , which comprise the consolidated Balance Sheet as at 31 December 2015, and the consolidated Income Statement, consolidated Cash Flow Statement and the consolidated Statement of Changes in Owner's Equity for the year then ended, and notes to the financial statements.

I. Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

II. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Those standards require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of an entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2015, and their operating results and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Zhong Xing Hua Certified Public Accountants LLP

Beijing, China

Chinese CPA: [Stamp]

Chinese CPA: [Stamp]

April 18, 2016

Consolidated Balance Sheet

Company Name: China Oceanwide Holdings Group Co., Ltd.

31 Dec 2015

Unit: USD

Assets	Note VI	End of Period Balance	Beginning of Year Balance	Total liabilities and owner's equity (or shareholders' equity)	Note VI	End of Period Balance	Beginning of Year Balance
Current Assets:				Current Liabilities:			
Cash at bank and on hand	(1)	5,918,391,491.88	2,437,117,665.21	Short-term borrowings	(30)	1,062,679,618.48	1,351,659,627.35
Settlement reserve	(1)	470,262,528.19	380,350,645.28	Short-term financings payable	(31)	145,799,345.36	-
Financial assets at fair value through profit or loss	(2)	780,269,825.07	384,413,646.78	Financial liabilities at fair value through profit or loss	(32)	27,438,358.74	6,513,554.94
Financial derivative assets	(3)	2,901.56	-	Financial derivative liabilities	(33)	12,752,276.07	12,162.99
Notes receivable	(4)	929,386.80	614,649.88	Notes payable	(34)	12,319,824.00	12,319,824.00
Accounts receivable	(5)	235,537,991.73	244,313,744.14	Accounts payable	(35)	937,553,690.47	400,595,664.34
Prepaid expenses	(6)	80,568,737.90	207,352,768.59	Advance from customers	(36)	872,461,562.89	340,054,527.08
Financial assets purchased under agreements to resell	(7)	137,499,319.88	37,248,200.41	Financial Assets Sold for Repurchase	(37)	410,253,958.26	204,623,694.98
Margin Loans	(8)	750,573,356.27	498,433,224.79	Funds for agency trading of securities	(38)	1,862,233,586.03	1,209,794,217.83
Interests receivable	(9)	34,523,337.77	17,461,093.27	Currency deposit payable	(39)	31,148,679.47	48,386,428.04
Dividends receivable	(10)	15,399,780.00	515,088.83	Employee benefit payable	(40)	137,749,888.01	59,191,631.45
Refundable Deposits	(11)	24,653,014.13	31,567,144.17	Taxes and surcharges payable	(41)	259,114,890.34	259,858,018.08
Other receivables	(12)	4,900,214,251.42	1,979,326,660.37	Interests payable	(42)	145,820,101.29	32,772,941.75
Inventory	(13)	7,923,581,134.58	5,650,232,655.43	Dividends payable	(43)	1,175,746.51	706,699.36
Held-for-sale assets		-	-	Other payables	(44)	839,015,057.31	347,947,502.84
Non-current assets due within one year	(14)	30,811,984.45	27,176,792.89	Held-for-sale liabilities		-	-
Other current assets	(15)	632,652,394.52	110,272,336.04	Non-current liabilities due within one year	(45)	3,457,481,619.08	3,153,285,132.43
				Other current liabilities	(46)	102,118,141.01	48,761,904.24
Total Current Assets		21,935,816,856.45	12,006,396,316.09	Total Current Liabilities		10,317,116,343.31	7,476,483,531.69
Non-current assets:				Non-current liabilities:			
Available-for-sale financial assets	(16)	4,431,471,753.16	2,277,201,403.45	Long-term borrowings	(47)	8,955,212,652.88	5,747,513,535.40
Held-to-maturity investments	(17)	19,091,435.64	34,495,507.20	Bonds payable	(48)	5,356,074,269.76	852,021,982.31
Long-term receivables		-	-	Long-term payables	(49)	13,457,745.26	40,062,148.75
Long-term equity investments	(18)	8,472,557.23	983,956,167.48	Special payables		-	-
Investment in futures membership	(19)	215,596.92	215,596.92	Estimated liabilities		-	-
Investment properties	(20)	2,643,308,585.84	2,504,494,856.04	Deferred income	(50)	359,267.81	138,598.02
Fixed assets	(21)	230,905,332.79	215,130,432.59	Deferred tax liabilities	(28)	452,077,455.06	654,815,554.75
Construction in progress	(22)	208,580,152.32	112,169,754.23	Other non-current liabilities		-	-
Capitalized biological assets	(23)	-	51.59	Total non-current liabilities		14,777,181,390.77	7,294,551,819.23
Disposal of fixed assets		-	-	Total liabilities		25,094,297,734.09	14,771,035,350.92
Oil & gas assets		-	-				
Intangible assets	(24)	24,953,846.49	18,965,526.22	Owner's equity (or shareholders' equity)			
Project materials	(25)	48,470.56	395,890.06	Paid-in capital (or share capital)	(51)	1,201,182,840.00	1,201,182,840.00
Development cost		-	-	Capital surplus	(52)	281,629,881.56	511,094,030.07
Goodwill	(26)	420,088,021.75	226,947,516.64	Less: Treasury shares		-	-
Long-term prepaid expenses	(27)	31,855,193.51	22,562,523.08	Other comprehensive income	(53)	84,304,550.53	712,418,921.57
Deferred income tax assets	(28)	506,395,150.29	344,240,926.64	Special reserve		-	-
Other non-current assets	(29)	251,649,323.84	859,392,972.71	Surplus reserve	(54)	190,548,273.28	78,741,733.51
				General risk provisions		-	-
				Undistributed profit	(55)	2,481,316,039.43	1,376,567,769.41
				Total owner's equity attributable to shareholders of the parent company		4,238,981,584.80	3,880,005,294.56
				Minority interest		1,379,572,957.91	955,524,795.43
Total Non-current Assets		8,777,035,420.34	7,600,169,124.83	Total owner's equity or shareholders' equity		5,618,554,542.71	4,835,530,090.00
Total Assets		30,712,852,276.80	19,606,565,440.92	Total liabilities and shareholders' equity		30,712,852,276.80	19,606,565,440.92

Company's Person in Charge: Lu Zhiqiang
Accounting Person in Charge: Zhao Yingwei
Accounting Department's Person in Charge: Zhao Yingwei

Consolidated Income Statement

Jan-Dec, 2015

Company Name: China Oceanwide Holdings Group Co., Ltd.

Unit: USD

Items	Note VI	This Year	Previous Year
I. Total operating revenue	(56)	2,171,035,381.44	1,370,675,145.72
Including: Operating revenue		1,624,778,728.16	1,106,018,182.53
Interest income		72,452,345.49	47,782,064.64
Fees and commissions income		443,245,462.57	216,874,898.55
Premium earned		30,558,845.22	-
II. Total cost of operations		2,351,411,600.32	1,592,795,405.02
Including: cost of operations	(56)	767,136,419.70	472,639,812.35
Insurance indemnities (insurance business)	(56)	27,168,039.55	-
Business taxes and surcharges	(57)	261,504,637.56	202,591,100.99
Selling expenses	(58)	90,858,454.97	53,540,403.62
Administrative expense	(59)	435,711,819.10	285,631,749.98
Finance costs	(60)	770,324,873.21	558,850,651.01
Impairment losses	(61)	(1,292,643.77)	19,541,687.07
Add: Gain/ (loss) from changes in fair value ("-" indicates losses)	(62)	65,293,543.79	122,991,793.67
Investment income ("-" indicates losses)	(63)	1,573,548,751.79	337,092,985.62
Including: Investment income from associates and joint ventures		1,303,134,149.08	74,323,914.41
Gains from foreign exchange ("-" indicates losses)		396,532.07	5,757.07
III. Operating profit ("-" indicates losses)		1,458,862,608.78	237,970,277.06
Add: Non-operating revenues	(64)	9,014,571.62	6,032,832.01
Less: Non-operating expense	(65)	3,520,535.38	24,831,432.98
Including: disposal losses on non-current assets		2,690,313.03	350,135.19
IV. Total profit ("-" indicates total losses)		1,464,356,645.02	219,171,676.09
Less: Income tax expense	(66)	58,747,849.81	78,901,113.16
V. Net income ("-" indicates net losses)		1,405,608,795.21	140,270,562.93
Attributable to owners of the parent company		1,262,754,149.79	36,949,800.97
Minority interests		142,854,645.42	103,320,761.97
VI. Earnings per share			
(I) Basic			
(II) Diluted			
VII. Other comprehensive income		(624,719,789.23)	518,650,671.56
Attributable to owners of the parent company		(628,114,371.04)	501,613,196.24
(I) Other comprehensive income not to be re-classified to profit or loss in subsequent periods		-	-
1. Changes in net liabilities and net assets due to re-measurement of Defined Benefit Plan		-	-
2. Share in investee's other comprehensive income not to be reclassified to profit or loss under equity method		-	-
(II) Other comprehensive income to be reclassified to profit or loss in subsequent periods		(628,114,371.04)	501,613,196.24
1. Share in investee's other comprehensive income to be reclassified to profit or loss under equity method		80,416,810.32	(8,604,138.78)
2. Gains/losses due to changes in fair value of available-for-sale financial assets		(682,054,845.38)	513,832,379.15
3. Gains/losses due to reclassification of held-to-maturity investments to available-for-sale financial assets		-	-
4. Effective gains/losses from cash flow hedging		-	-
5. Converted difference in foreign currency statements		11,067,497.84	(5,243,059.44)
6. Others		(37,543,833.81)	1,628,015.31
After-tax net amount of other comprehensive income attributable to minority shareholders		3,394,581.81	17,037,475.32
VIII. Total comprehensive income		780,889,005.98	626,486,180.85
Attributable to owners of the parent company		634,639,778.75	506,127,943.57
Attributable to minority shareholders		146,249,227.24	120,358,237.28

Company's Person in Charge: Lu Zhiqiang

Accounting Person in Charge: Zhao Yingwei

Accounting Department's Person in Charge: Zhao Yingwei

Consolidated Cash Flow Statement

Jan-Dec, 2015

Company Name: China Oceanwide Holdings Group Co., Ltd.

Unit: USD

Items	This Period	Previous Period
I. Cash flow from operating activities		
Cash received from selling products and providing services	2,204,143,588.21	1,214,862,055.27
Cash received from premium of original insurance contracts	33,901,779.98	-
Net increase in policy holder deposits and investment funds	-	-
Net increase in disposal of trading financial assets	(419,403,656.61)	104,809,510.92
Cash received from interests, fees and commissions	610,826,312.81	300,337,563.55
Net increase in loans from other banks	(54,437,325.31)	15,207,459.36
Net capital increase of repurchase business	102,534,745.63	(27,507,617.90)
Refunds of taxes and levies	1,370,090.03	1,099,081.64
Cash received from other operating activities	1,638,186,959.64	2,262,074,026.60
Subtotal of cash inflow from operating activities	4,117,122,494.39	3,870,882,079.44
Cash paid for purchasing products and receiving service	1,821,617,270.92	1,273,666,014.92
Cash paid for claims under original insurance contracts	25,632,947.38	-
Cash paid for interests, fees and commissions	68,058,731.32	24,769,480.66
Cash paid to and on behalf of employees	270,440,163.05	208,215,954.37
Cash paid for taxes	520,363,551.65	307,472,385.28
Cash paid relating to other operating activities	2,022,594,688.10	2,343,560,170.73
Subtotal of cash outflow from operating activities	4,728,707,352.41	4,157,684,005.96
Net cash flow from operating activities	(611,584,858.03)	(286,801,926.52)
II. Cash flow from investing activities		
Cash received from sales of investments	2,314,951,111.96	637,352,772.88
Cash received from return on investments	123,985,617.92	139,616,960.88
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	104,989.20	132,936.87
Net cash received from disposal of subsidiaries and other operating units	-	7,705,012.35
Other cash received relating to investing activities	147,256,150.41	14,546,214.42
Subtotal of cash inflow from investing activities	2,586,297,869.49	799,353,897.39
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	236,362,526.57	29,802,804.44
Cash paid for investments	4,418,325,710.63	1,108,731,060.56
Net cash received from payment by subsidiaries and other business units	125,874,188.75	136,098,315.36
Other cash paid relating to investing activities	206,293,355.40	39,953,821.78
Subtotal of cash outflow from investing activities	4,986,855,781.36	1,314,586,002.14
Net cash flow from investing activities	(2,400,557,911.87)	(515,232,104.74)
III. Cash flow from financing activities		
Cash received from investments	185,550,423.21	4,619,934.00
Including: Cash from minority investments in subsidiaries	190,486,320.68	-
Cash received from borrowings	8,961,379,374.66	7,763,384,420.21
Cash received from issuing bonds	4,484,630,203.67	419,866,811.32
Proceeds received from other financing activities	427,616,752.24	253,880,749.66
Subtotal of cash inflow from financing activities	14,059,176,753.78	8,441,751,915.19
Repayment of borrowings	6,106,434,798.86	5,381,234,387.50
Cash paid for distributing dividends and profits or paying interests	1,304,355,140.80	940,642,679.37
Including: Dividends and profits paid to minority shareholders of subsidiaries	3,755,082.36	3,834,545.22
Cash paid for other financing activities	226,909,761.69	134,815,858.46
Subtotal of cash outflow from financing activities	7,637,699,701.34	6,456,692,925.33
Net cash flow from financing activities	6,421,477,052.44	1,985,058,989.85
IV. Influence on cash and cash equivalents from fluctuations in exchange rate	36,826,522.57	(5,593,076.35)
V. Net increase in cash and cash equivalents	3,446,160,805.11	1,177,431,882.25
Add: cash and cash equivalents at the beginning of the reporting period	2,756,213,402.60	1,578,781,520.35
VI. Cash and cash equivalents at the end of the reporting period	6,202,374,207.71	2,756,213,402.60

Company's Person in Charge: Lu Zhiqiang

Accounting Person in Charge: Zhao Yingwei

Accounting Department's Person in Charge: Zhao Yingwei

China Oceanwide Holdings Group Co., Ltd.
Consolidated Statement of Change in Owner's Equity

For The Year Ended 31 December 2015

Company Name: China Oceanwide Holdings Group Co., Ltd.

Unit: USD

items	Amount in 2015									
	Owners' equity attributable to owners of the parent company									
	Paid-in capital (or share capital)	Capital surplus	Less: Treasury shares	Other comprehensive income	Surplus reserve	General risk provisions	Undistributed income	Special reserve	Others	Minority interests
I. Balance as at the end of the previous year	1,201,182,840.00	500,141,673.43	-	678,907,277.45	10,928,492.74	-	1,403,811,681.16	-	-	955,910,521.17
Add: changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Correction of accounting errors in prior period	-	10,952,356.62	-	33,511,644.11	1,197,560.99	-	(27,243,911.75)	-	-	(385,725.73)
Adjustment in fair value	-	-	-	-	-	-	-	-	-	-
Adjustment of beginning-of-year number of subsidiaries combined and increased within the same control	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
II. Balance as at the beginning of the current year	1,201,182,840.00	511,094,030.07	-	712,418,921.57	12,126,053.73	-	1,376,567,769.41	-	-	955,524,795.43
III. Increase/decrease amount of current year ("*" indicates losses)	-	(229,464,148.51)	-	(628,114,371.04)	17,217,961.15	-	1,104,748,270.02	-	-	424,048,162.48
(I) Net profit	-	-	-	-	-	-	1,262,754,149.79	-	-	142,854,645.42
(II) Other comprehensive income	-	(188,308,953.79)	-	(628,114,371.04)	-	-	-	-	-	3,394,581.81
Subtotal of (I) and (II)	-	(188,308,953.79)	-	(628,114,371.04)	-	-	1,262,754,149.79	-	-	146,249,227.24
(III) Capital contributed by owners and capital decreases	-	(41,155,194.72)	-	-	-	-	-	-	-	308,300,519.20
1. Capital contributed by owners	-	-	-	-	-	-	-	-	-	-
2. Amount of share payment recognized in owners' equity	-	-	-	-	-	-	-	-	-	-
3. Others	-	(41,155,194.72)	-	-	-	-	-	-	-	-
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-
1. Surplus reserve withdrawal	-	-	-	-	17,217,961.15	-	(158,005,879.76)	-	-	308,300,519.20
2. General risk provisions	-	-	-	-	17,217,961.15	-	(111,806,539.76)	-	-	(30,501,583.96)
3. Distribution to owners / shareholders	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	(46,199,340.00)	-	-	-
(V) Internal carry-over of owners' equity	-	-	-	-	-	-	-	-	-	-
1. Capital (or share capital) transferred from capital reserve	-	-	-	-	-	-	-	-	-	-
2. Capital (or share capital) transferred from surplus reserve	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve making up for losses	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-
(VI) Special reserve	-	-	-	-	-	-	-	-	-	-
1. Accrued for this period	-	-	-	-	-	-	-	-	-	-
2. Used for this period	-	-	-	-	-	-	-	-	-	-
IV. Balance as at the end of the current year	1,201,182,840.00	281,629,881.56	-	84,304,550.53	190,548,273.28	-	2,481,316,039.43	-	-	1,379,572,957.91

Responsible person for the company: Zhiqiang Lu Responsible person for the company's accounting: Yingwei Zhao Responsible person for audit institution: Yingwei Zhao

For The Year Ended 31 December 2015

Unit: USD

Responsible person for audit institution: Yingwei Zhao

China Oceanwide Holdings Group Co., Ltd

Notes to Financial Statements

(Amount in USD millions unless otherwise specified)

I. Company Profile

China Oceanwide Holdings Group Co., Ltd. (hereafter referred to as the “Company”) is a limited liability company approved by the State Administration for Industry and Commerce (“SAIC”) and received the Business License for Enterprise Legal Person with a registration number of 1000001000773 from SAIC on April 7, 1988 when the Company was set up by China Electronics Engineering Construction & Development Company, Chengdu Hongguang Industrial Co Ltd and Shenzhen Libaijia Industrial Co Ltd (利百加实业有限公司). Changes afterwards are as follows:

1. The Company’s registered capital was changed to USD115.5mm on January 10, 2000, which was verified by the No.1 Capital Verification Report [2000] issued by Beijing Zhongda EY. Accordingly, our Business License for Enterprise Legal Person was exchanged, with contributors being changed as Shandong Oceanwide Group Company (山东泛海集团公司), Guangcai

Investment Group (光彩事业投资集团有限公司) and China Electronics Engineering Corporation (中国电子工程总公司).

2. The Company’s registered capital was changed to USD154.00mm on May 22, 2002, which was verified by the No.Z10 Capital Verification Report [2002] issued by Beijing Zhongda EY on March 29, 2002. Our Business License for Enterprise Legal Person was accordingly renewed, with contributors being changed as Shandong Oceanwide Group Company (山东泛海集团公司) and Guangcai Investment Group (光彩事业投资集团有限公司).

3. On October 17, 2006, with the approval of the SAIC, the Company was renamed from China Oceanwide Holdings Co Ltd to China Oceanwide Holdings Group Co Ltd, with the Business License for Enterprise Legal Person renewed accordingly.

4. The Company’s registered capital was changed to USD461.99mm on December 22, 2006, which was verified by the No.104 Capital Verification Report [2007] issued by Beijing Jiarun Accounting Firm. Our Business License for Enterprise Legal Person was accordingly renewed, with contributors being changed to Oceanwide Group Co Ltd and Guangcai Investment Group.

5. The Company’s registered capital was changed to USD615.99mm on March 30, 2007, which was verified by the No.2-003 Capital Verification Report [2007] issued by Beijing Xinghua Accounting Firm. Our Business License for Enterprise Legal Person was accordingly renewed.

6. The Company’s registered capital was changed to USD624,966,724.92 on April 30, 2009, which was verified by the No.2-010 Capital Verification Report [2009] issued by Beijing Xinghua Accounting Firm. Our Business License for Enterprise Legal Person was accordingly renewed, with contributors changed to Oceanwide Group Co Ltd, Tonghai Holdings Co Ltd and Shanghai Huaxin Investment Co Ltd.

7. The Company’s registered capital was changed to USD932,962,324.92 on September 18, 2009, which was verified by the No.2-022 Capital Verification Report [2009] issued by Beijing Xinghua Accounting Firm. Our Business License for Enterprise Legal Person was accordingly renewed, with contributors changed to Oceanwide Group Co Ltd and Tonghai Holdings Co Ltd (now renamed as Oceanwide Holdings Co Ltd).

Business scope prescribed in the business license: investment in technology, culture, education, real estate and infrastructure projects and industries; capital operation and asset management; hotel and property management; telecom, office automation, and sales of building decoration

materials and equipment (excluding those subject to the state's regulations on specific projects and operations); economic, technological and management consulting services related the business hereof.

8. In February 2012, the business scope of the business license was changed as follows: investment in technology, culture, education, real estate and infrastructure projects and industries; capital operation and asset management; hotel and property management; conference and exhibition services; lease of commercial buildings, office buildings and parks; telecom, office automation, and sales of building decoration materials and equipment (excluding those subject to the state's regulations on specific projects and operations); economic, technological and management consulting services related the business hereof.

9. The Company's registered capital was changed to USD1,201.18mm on December 25, 2013, which was verified by the No.2109016 Capital Verification Report [2013] issued by Beijing Zhongxinghua Fuhua Certified Public Accountants LLP (中兴华富华会计师事务所有限公司). Our Business License for Enterprise Legal Person was accordingly renewed.

II. Significant Accounting Policies and Accounting Estimates

(I) Basis of Preparation

On the basis of the going concern and in reference to actual transactions and events, the Company's financial statements have been prepared in accordance with the *Accounting Standards for Business Enterprises---Basic Standards*, regulations illustrated in other concrete accounting standards (hereafter collectively referred to as "Accounting Standards for Business Enterprises") and the following important accounting policies and accounting estimates.

(II) Statement of Compliance with Accounting

The Company's financial statements comply with the Accounting Standards for Business Enterprises and have reflected in an authentic and comprehensive manner the information of the Company's financial position as of December 31, 2015, the operating results and cash flows in 2015, etc.

(III) Accounting Periods and Operating Cycle

The Company takes the calendar year as the fiscal year, beginning from January 1 and ending on December 31. Twelve months are taken as an operating cycle, which is used as the criteria to divide the liquidities of assets and liabilities.

(IV) Functional Currency

The Company's functional currency is RMB.

(V) Business Combination

1. Business Combination under Common Control

Regarding the long-term equipment investment arising from the business combination under the common control, where the combining party pays the consideration in cash or through transferring non-cash assets or bearing its debts, the Company shall, on the date of the combination, regard the share of the book value of the combined party's net assets in the ultimate controller's consolidated financial statements as the initial cost of the long-term equity investment. Where the combining party pays the consideration through issuing equity securities, the total par value of the issued shares shall be deemed as the share capital. The difference between the initial cost of the long-term equity investment and the book value of the combination consideration (or the total par value of the issued shares) shall offset against the capital reserve. If the capital reserve is insufficient, the retained earnings shall be adjusted.

Where the business combination under the same control achieved through multiple transactions in

stages is reconized as a “packaged deal”, the combining party shall take all transactions as a single transaction for obtaining the controlling right in the accounting treatment. Otherwise, in the parent’s financial statements, the initial investment cost shall be share of the book value of the owner’s equity of the combined party on the basis of the the stake percent as of the combination date. The difference between the intital investent cost and the sum of the book value of the original long-term equity investment and the book value of the consideration paid for more stakes as of the combination date shall offset against the capital reserve (share premium). If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

2. Business Combination Not under Common Control

With respect to the business combination not under the common control, the combination cost shall be the sum of the fair values, on the combination date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquired. The acquiree’s identifiable assets, liabilities and contingent liabilities obtained through the business combination not under the common control, if meeting the recognition conditions, shall be measured at their fair values at the acquisition date. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired as goodwill. Where the combination cost is less than the share of the fair value of the acquiree’s identifiable net assets, the acquirer shall recognize the difference, after checking, as the current non-operating income. For the business combination not under common control through several transactions in stages, in the parent’s financial statement, the initial investment cost shall be the sum the carrying amount of the equipment investment in the acquiree before the acquisition date and the additional investment cost as of the acquisition date. In the consolidated financial statements, the equities held in the acquiree before the acquisition date shall be re-measured by the fair value of the equities hereof on the acquisition date; the difference between the fair value and the carrying amount shall be recognized as the current investment incomes; where the equities in the acquiree before the acquisition date involves other comprehensive incomes, other comprehensive incomes thereto shall be translated into the investment incomes of the period in which the acquisition date belongs to, excluding those other comprehensive incomes that cannot be reclassified into the current period gains/losses.

The Company recognizes the combination cost as the sum of the fair value of the equities in the acquiree before the acquisition date and the fair value of the consideration paid for newly acquired equities on the acquisition date. The goodwill to be recognized or the amount of the gains/losses in the period of the combination shall be determined by comparing the combination cost hereof with the share of the fair value, on the acquisition date, of the acquiree’s identifiable net assets enjoyed by the acquirer on the basis of the stake percent as of the acquisition date.

(VI) Method of Preparation of Consolidated Financial Statements

1. Judgment of Investment Subject

The Company is a non-investment subject.

2. Scope of Consolidated Financial Statements

The Company includes all subsidiaries (including the separate entities controlled by the Company) into the consolidated financial statements, including the parts and structural entities that can be separated from the enterprises controlled and invested by the Company.

3. Consistence between Parent and Subsidiaries in Accounting Policies, Date of Balance Sheet and Accounting Period

In case of any inconsistency between the Company and subsidiaries in accounting policies or accounting period, the financial statements of subsidiaries shall be necessarily adjusted in accordance with the Company’s accounting policies or accounting period when preparing the consolidated financial statements.

4. Offset Items in Consolidated Financial Statements

Prepared on the basis of the balance sheets of both the parent and subsidiaries, the consolidated financial statements have offset internal transactions between the parent and subsidiaries and among different subsidiaries. The share in the owner's interest of a subsidiary that doesn't belong to the parent shall be presented as the "minority equity interest" item under the owner's equity interest item in the consolidated balance sheet. The long-term equity investment held by the subsidiary in the parent company shall be deemed as the enterprise group's treasury stocks and presented as a deduction item of the owner's interest in the item of "less: treasury stocks" under the owner's interest item in the consolidated financial statements.

5. Accounting Treatment for Subsidiary Acquired through Business Combination

With respect to any subsidiary acquired via business combination under common control, the business combination thereof shall be deemed as already happening from the date when the ultimate controller starts controlling, and the assets, liabilities, operating results and cash flows of the subsidiary shall be included into the consolidated financial statements from the beginning of the period in which the combination occurs; as to any subsidiary acquired via the business combination not under common control, some of its financial statements shall, when preparing the consolidated financial statements, be adjusted on the basis of the fair value, on the acquisition date, of the identifiable assets.

6. Accounting Treatment for Disposal of Subsidiaries in Stages Resulting in Loss of Control

(1) Accounting treatment for disposal of a subsidiary in stages unqualified as a part of the packaged deal resulting in loss of control in the parent's financial statements and the consolidated financial statements.

For transactions before the loss of the control, the difference between the proceeds of sales and the carrying value of the disposed long-term equity investment shall be included into the investment incomes of the current period. At the consolidated financial statement level, the difference between the consideration of the disposal and the share of net assets in the subsidiary due to long-term investment from the acquisition date or the combination date shall offset against the capital reserve (share premium). If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. For the remaining equity investment after the loss of the control, the accounting shall be subject to the equity method or regulations related to financial assets, depending on the degree of the influence therefrom.

(2) Accounting treatment for disposal of a subsidiary in stages qualified as a part of the packaged deal resulting in loss of control in the parent's financial statements and the consolidated financial statements.

If each of the multiple transactions forms part of a packaged deal, such transactions are accounted for as a single transaction that disposes of subsidiaries and leads to loss of control. In the parent's financial statements, the difference between the consideration received and the carrying value of the corresponding disposed investment shall be recognized as the investment income of the current period. In the consolidated financial statements, the difference between the consideration received and the carrying value of the subsidiary's net assets enjoyed from the acquisition date shall be recognized in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(VII) Classification of Joint Arrangements and Accounting Treatment for Joint Operation

1. Classification of Joint Arrangements

Joint arrangements include joint operations and joint ventures. Joint arrangements achieved not via the separate entity shall be classified as the joint operation. Separate entity refers to the entity boasting of the stand-alone identifiable financial structure, including separate legal person entity and the entity not qualified as a legal person entity but recognized by laws. Joint arrangement achieved via the separate entity is usually classified as the joint venture. When the rights and obligations of any party to the joint venture changes because of the changes to relevant facts and

circumstances, the party shall re-evaluate the classification of the joint arrangement.

2. Accounting Treatment for Joint Operation

A joint operator shall recognize the following items in relation to its interest in a joint operation and account for in accordance with the provisions of the relevant accounting standards for business enterprises: its assets, including its share of any assets held jointly, its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its expenses including its share of any expenses incurred jointly.

For a joint operator not enjoying the common control over the joint operation, where it enjoys the relevant assets and assumes the relevant liabilities of the joint operation, the accounting treatment shall be subject to the regulation on the joint operator of a joint operation; otherwise the accounting treatment shall, depending on the degree of the influence, be subject to the provisions of the relevant accounting standards for business enterprises.

3. Accounting Treatment for Joint Ventures

The joint operator of the joint venture shall account for the investment in the joint venture in accordance with the Accounting Standards for Business Enterprises No.2 - Long-term Equity Investment. The joint operator not enjoying the common control, shall, depending on the degree of the influence, make the accounting treatment on the basis of its influence on the joint venture.

(VIII) Recognition Criteria of Cash and Cash Equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment.

Cash equivalents as presented in cash flow statement refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(IX) Foreign Currency Business and Foreign Currency Translation

1. Foreign Currency Translation

Transactions denominated in foreign currency are translated into RMB Yuan at the spot exchange rate at the transaction date at initial recognition. Monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with its RMB amount unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference treated as the fair value change (including the exchange change) and included in profit or loss or other comprehensive income which is included in capital reserves.

2. Foreign Currency Translation in Financial Statements

Where the controlled subsidiaries, joint ventures and associates of the Company use the reporting currency different from that of the Company, their financial statements denominated in foreign currency shall be translated firstly, after which the accounting will be conducted and the consolidated financial statements will be prepared. The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except for the items as "undistributed profits", other items shall be translated at the spot exchange rate at the time when they are incurred. Income and expense items in the income statements shall be translated at the spot exchange rate on the date when the transaction occurs. The difference arising from the translation shall be presented under the other comprehensive income of the owner's interest item. The cash flows in foreign currency that are determined through a systematic and rational method shall be translated at the spot exchange rate of the transaction date. The effect of the foreign exchange rate fluctuation on cash shall be separately

presented in the cash flow statement. When the overseas operation is disposed of, the difference arising from the translation of the foreign currency statements in connection therewith shall be transferred to the profits or losses of the current period wholly or in proportion to the proportion of the disposal.

(X) Financial Instruments

1. Classification and Recognition of Financial Instruments

Financial instruments are divided into financial assets and financial liabilities. When the Company becomes a party to a financial instrument contract, it is recognized as a financial asset or financial liability.

The financial assets initially recognized by the Company are classified as the financial assets measured at fair value through profit or loss of the current period, held-to-maturity investment, accounts receivable and available-for-sale financial assets. The classification of financial assets except ARs shall be subject to the intent and capability of the Company and its subsidiaries for holding the financial assets, among others. The financial liabilities initially recognized by the Company are classified as the financial liability measured at fair value through profits and losses of the current period, and other financial liability.

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term; accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market; available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories; held-to-maturity investment are non-derivative financial assets that have fixed maturity date with fixed or determinable payments and for which the management have clear intent and capability of holding to the maturity.

2. Measurement of Financial Instruments

The Company's financial assets or financial liabilities are measured at fair value at the initial recognition. Subsequent measurement is classified as flows: financial assets measured at fair value through profits and losses of the current period, available-for-sale financial assets and financial liabilities measured at fair value through profits and losses of the current period shall be measured at fair value; held-to-maturity investment, loans and ARs and other financial liabilities shall be measured at the amortized cost; equity instrument investment that are not quoted at the active market and whose fair value cannot be reliably measured, and derivative financial assets or derivative financial liabilities linked with this equity instrument and with settlement being subject to the payment of this equity instrument shall be measured at cost. Except in connection with the hedging, gains or losses arising from the change in fair value of the Company's financial assets or financial liabilities during the subsequent measurement shall be treated as follows: 1) gains or losses arising from the change in fair value of financial assets or financial liabilities measured at the fair value through profits and losses of the current period shall be recognized in the gains or losses on the change in fair value; 2) the change in fair value of the available-for-sale financial assets shall be recognized in other comprehensive incomes.

3. The Company's Recognition for Fair Value of Financial Assets and Financial Liabilities

The fair value of the financial instruments having active markets shall be determined by the quotations on the active markets, otherwise shall be determined by the valuation technique. Valuation technique mainly includes the market approach, income approach and cost approach.

4. Recognition Criteria and Measurement Method of Financial Assets Transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, or the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset but gives up the control over it, it shall derecognize the financial asset. If the transfer of an entire financial asset satisfies the

conditions for de-recognition, the difference between the amounts of the following two items are included in profits or losses of the current period: (1) the book value of the transferred financial asset; (2) the sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally included in equity. If the transfer of financial asset partially satisfies the conditions to de-recognition, the entire book value of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value.

Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly in whole or in part.

5. Impairment of Financial Assets

When an impairment loss on a financial asset carried at amortized cost has occurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and the amount of reversal is recognized in profit or loss.

The impairment provision shall be made in case of the impairment of the financial assets measured at cost. The impairment loss occurred shall not be reversed upon the recognition.

When there is objective evidence indicating the impairment of available-for-sale financial assets, the cumulative losses arising from the decline of the fair value and directly recognized in the shareholder's equities shall be reclassified and recognized as the impairment loss. If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. For the available-for-sale equity instrument investment whose impairment loss has been recognized, the increase of fair value in a subsequent period shall be directly recognized in the shareholder's equity.

Regarding the equity instrument investments, specific quantified criteria to judge the significant or prolonged decline, cost calculation method, determination of fair value at the end of the period and basis to determine the period of ongoing decline, adopted by the Company, is as follows:

Specific quantified criteria for significant decline of fair value	The fair value at the end of the period falls 50% or more from the cost
Specific quantified criteria for prolonged decline of fair value	Decline for 12 months consecutively
Cost calculation method	Investment cost shall be the sum of the consideration paid for acquisition (deducting cash dividends having been declared but not being distributed yet, or bond interest having become mature but not being paid) and the expenses in relation to the transaction.
Determination of fair value at the end of the period	Fair value of financial instruments having active markets shall be determined by the quotations in the active markets; otherwise determined by the valuation technique.
Basis to determine the period of ongoing decline	Continuous decline or the recovery is less than 20% during the period when the decline sustains; recovery fails to sustain for 6 months

(XI) Accounts Receivable

The Company's receivables include accounts receivable, long-term receivable, and other receivables. If there is objective evidence which indicates that receivables may be impaired at the balance sheet date, the carrying amount of the said financial asset is written down to the present value of the predicted future cash flow

1. Accounts receivable of individually significant amount and with provision made on an individual basis

Judgment basis or amount criteria of individually significant amount: Over USD4.62mm

Provision method for receivables of individually significant amount and with provision made on an individual basis: an impairment test is made on an individual basis on financial assets of individually significant amount; AR without impairment in the individual test shall be subject to the impairment test as a part of the AR portfolio with similar credit risk features. ARs having recognized the impairment loss through the individual test shall no longer be subject to the impairment test as a part of the AR portfolio with similar credit risk features.

2. Accounts receivables with provision made on a collective basis using portfolios with similar credit risk features

Portfolio Name	Basis to Determine Portfolio	Provision For Bad Debts
Portfolio 1	ARs from government agencies and cooperators	Conduct impairment tests on an individual basis
Portfolio 2	ARs for which provision for bad debts are made on the basis of the percentage of total accounts receivable outstanding	In the financial industry, the provisions for bad debts shall be 0.5% of the sum of the ARs outstanding (incl. ARs and other ARs); For other industries, the provision for bad debts shall be 5% of the sum of the ARs
Portfolio 3	Accounts receivable from connected parties included into the consolidation	Conduct impairment tests on an individual basis

3. Accounts receivables of individually insignificant amount but with provision made on an individual basis

Reasons for provision made on an individual basis	Age is over 3 years, and there is objective evidence indicates that the receivable is impaired
Provision method	Difference between the carrying values of receivables and present value of estimated future cash flows

(XII) Inventories

1. Classification of Inventories

Inventories are finished goods and merchandise that are ready for sale, work-in-progress or materials used in the process of production or provision of services. Inventories are divided into real estate inventory and non-real estate inventory. Real estate inventory includes development cost, development products, lease of developed products, tier-1 development cost; non-real estate inventory includes raw materials, revolving materials, subcontracted materials, packing materials, low-value consumables, work-in-progress, semi-finished goods and finished goods (merchandise in warehouse), etc.

2. Accounting Method for Dispatching Inventories

The actual cost of inventories when being dispatched is determined by the weighted average method.

3. Provisions for Inventory Write-down

During the ordinary operation, the net realizable value of inventories such as finished products, merchandise stocks and materials held for sale, which are held directly for sale, shall be determined based on the amount of the estimated selling price less the estimated costs of sales and relevant taxes and surcharges; the net realizable value of material inventories subject to processing is determined based on the amount of the estimated selling price less the estimated cost estimated costs of completion, the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; for inventories held for the purpose of executing the sales contracts or labor contracts, the net realizable value shall be determined on the basis the contract price; where the quantity of the inventories is larger than that ordered by the sales contract, the net realizable value of the inventories in excess shall be determined on the basis of the ordinary selling price.

At the balance sheet date, inventories are carried at the lower of cost and net realizable value and the provisions for write-down shall be recognized for each item of inventories. However, for inventories with large quantity and lower unit price, the provisions for inventory write-down shall be made by the category of inventories.

4. Inventory System

Perpetual inventory method is adopted.

5. Amortization Method of Low-value Consumables and Packages

Low-value consumables are amortized with one-off method.

(XIII) Assets Classified as Held-for-sale

Non-current assets are accounted for as held-for-sale when the following conditions are all met: 1. the Company has made a decision on the disposal of the component; 2. the Company has signed an irrevocable transfer agreement with the transferee; and 3. the transfer is expected to be completed within one year.

(XIV) Long-term Equity Investment

1. Determination of Initial Investment Cost

For the long-term equity investments acquired through a business combination, the initial investment cost shall be the share of the carrying amount of the equity of the combined party included the consolidated financial statements of the ultimate controller; otherwise it shall be the combination cost determined on the acquisition date; for the long-term equity investment acquired through cash payment, the initial investment cost shall be the consideration actually paid; for the long-term equity investment acquired through issuance of equity securities, the initial investment cost shall be the fair value of such equity securities; for the long-term equity investment acquired through debt restructuring, the initial investment cost shall be determined in accordance with the provisions in the Accounting Standards for Business Enterprises No.12 - Debt Restructuring; for the long-term equity investment through exchange of non-monetary assets, the initial investment cost shall be determined in accordance with relevant provisions of the accounting standards for business enterprises.

2. Subsequent Measurement and Recognition Method of Gain or Loss

For long-term equity investment with control relationship, it is accounted for with cost method; for long-term equity investment with joint control or significant influence relationship, it is accounted for with equity approach. Where the equity investment of the investor in an associate is partly indirectly held through risk investment institutions, mutual funds, trust companies or similar entities including investment-linked insurance funds, investors shall, no matter whether the foresaid entities have significant influence on the investment thereof, shall measure such investment indirectly held at the fair value through profit and loss of the current period in accordance with the Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments; while the remaining shall be accounted for with the equity approach.

3. Criteria for Determining Existence of Common Control or Significant Influence over Investee

Common control over an investee refers to that any event having significant influence on the return of an arrangement shall require the unanimous consent of the parties sharing control, including sales and purchase of goods or labor, management of financial assets, purchase and disposal of assets, research and development and financing activities; significant influence on investees refers to that influence due to holding 20%-50% capital with voting power in the investee; or that influence due to meeting any of the following conditions despite the voting power is less than 20%: dispatching delegates to the investee's BoD or similar organs of power; participating into the investee's policy formulation; dispatching management staff to the investee; investees being dependent on the Company's technologies or technological information;

important transactions with the investee.

(XV) Investment Properties

Investment properties refers to the properties for the purpose of rent generation or capital appreciation, including land use right having been leased, land use right being held and to be transferred upon appreciation, and structures having been leased (including buildings constructed independently to be leased or those to be leased upon completion of development activities, or buildings under construction or development but to be leased in the future).

Investment properties are measured initially at the cost. Subsequent expenditure in relation to investment properties, if the economic benefits arising therefrom may possibly flow into the enterprise and the cost thereof can be reliably measured, shall be recognized as the cost of the investment properties, otherwise shall be recognized in the current profit or loss at the time of the occurrence.

On the balance sheet date, the Company conducts the subsequent measurement on investment properties by using the fair value model, under which the Company shall not depreciate or amortize investment properties but adjust the carrying value on the basis of the fair value of the investment properties on the balance sheet and the difference thereto shall be recognized in the current profit and loss.

The Company shall refer to the prevailing market price of same-kind or similar properties in the active market to determine the fair value of investment properties; where the said prevailing market price is not available, the fair value of the investment properties shall be rationally estimated by referring to the latest trading price of the same-kind or similar properties in the active market in combination with such factors as transaction condition, transaction date and region; or the fair value shall be determined on the basis of the future rent incomes and the present value of relevant cash flows. Regarding an investment properties under construction, where its fair value cannot be reliably determined but is expected to reliably obtain constantly after the completion, this investment properties shall be firstly measured at cost and then at fair value at the time of completion or when its fair value can be reliably measured (the earlier of the two).

Where the Company has clear evidences that the purpose of the properties has been changed from the investment to self-use or inventory, the fair value at the date of such change shall be recognized as the carrying value of the self-use properties, while the difference between the fair value and the original carrying value shall be recognized in the current profit and loss. When the self-use properties or the inventory properties is used for the purpose of investment, such investment properties shall be measured at the fair value on the date of the change; where the fair value is less than the original carrying value, the difference shall be recognized in the current profit and loss; otherwise the difference shall be recognized in the owner's interest.

The difference after deducting the carrying value and relevant taxes from the revenues from sales, transfer and disposal due to scrape or damage of investment properties shall be recognized in the current profit and loss.

(XVI) Fixed Assets

1. Recognition Principles of Fixed Assets

Fixed assets are tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

2. Classification and Depreciation Method of Fixed Assets

Fixed assets held by the Company are mainly classified as buildings and structures, mechanical equipment, electronic equipment and transportation facilities, among others. The straight-line

depreciation method is used.

The service life and residual value of assets are assessed based on their nature and the manner of use. At the end of each year, the service life, estimated residual value and depreciation method are reviewed, and adjusted if there are variances with the original estimates. Other than fully depreciated assets which are still in use and land individually measured and recorded, depreciation is provided for all fixed assets.

Asset Category	Estimated Service Life (Year)	Estimated Residue Value Rate (%)	Annual Depreciation Rate
Buildings and Structures	20-40	5%	2.38%-4.75%
Mechanical equipment	3-10	5%	9.50%-31.67%
Transportation facilities	3-11	5%	8.64%-31.67%
Other equipment	3-10	5%	9.50%-31.67%

3. Recognition and Pricing Principles of Fixed Assets Rented-in under Finance lease

Fixed assets rented-in under finance lease are actually the lease transferring all risks and rewards in relation to the asset's ownership. Fixed assets rented-in under finance lease are recorded at the lower of fair value and the present value of the minimum lease payment at the inception of the lease, and during the subsequent pricing, depreciation and impairment provision for such assets shall be made by following the depreciation policy for self-owned fixed assets.

(XVII) Construction in Progress

There are two kinds of construction in progress for the Company, self-construction and sub-contracting construction. Construction in progress is transferred to fixed assets when the project is completed and ready for its intended use, which shall satisfy one of the following conditions: the construction of the fixed assets (including installation) has been completed or substantially completed; the fixed asset has been used for trial operation and it is evidenced that the asset can operate ordinarily or produce steadily qualified products; or the result of trial operation proves that it can operate normally; few or no expenditure was incurred for construction of the fixed assets; the fixed asset constructed has met or almost met the requirement of design or contract.

(XVIII) Borrowing Costs

1. Recognition Principle for Capitalization of Borrowing Costs

The Company's borrowing costs that are directly attributable to the acquisition or production of an asset eligible for capitalization are capitalized and included in cost of the relevant asset. Other borrowing costs should be recognized as expenses when incurred through profit and loss account. Qualifying assets include fixed assets, investment properties and inventories that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

2. Calculation of Capitalized Amount

Capitalization period is the period running from the beginning of borrowing costs capitalized to the cessation date of capitalization and the interruption period should not be included. Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended.

To the extent that funds are borrowed specially for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any interest income

thereon or investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditure on that asset. The capitalization rate shall be the weighted average interest rate of the ordinary borrowings. Borrowing interests of every period shall be adjusted if there is a premium or a discount of borrowings which should be deferred at actual rate in every accounting period.

Actual rate method is a method that interest expense or deferred discount or premium is calculated according to the actual rate of borrowings. And actual rate is a discounted rate by which the future cash flow in the estimate duration is discounted to the current carrying value of borrowings.

(XIX) Biological Assets

Disclose the criteria for judging and categories of biological assets; basis to determine the serve life and estimated residue value, depreciation method, impairment test method and impairment provision method for different kinds of biological assets.

(XX) Oil & Gas Assets

Disclose the capitalization criteria for expenditures in relation to different kinds of oil and gas assets; method of depletion and amortization, impairment test method and impairment provision method for oil and gas assets; accounting treatment for fees in relation to such licenses as mining license; basis to judge the reserves of oil and gas; and so on.

(XXI) Intangible Assets

1. Measurement of Intangible Assets

Intangible assets should be initially measured at cost. The actual cost of purchased intangible assets should include the consideration paid and relevant expenditures. The actual cost of intangible assets invested in by investors should be the fair value according to the investment contract or agreed value but the actual cost shall be measured at cost if the contract or the agreed value is not at arm's length. The cost of self-developed intangible assets is the total expenses before it achieves the predicted condition of use.

Subsequent measurement of the Company's intangible assets: (i) Intangible assets with finite useful lives should use straight-line amortization method and the Company shall, at the end of each year, review the useful life and the amortization method of the intangible assets and adjust accordingly if they differ from the estimated figures; (ii) Intangible assets with indefinite useful lives shall not be amortized, but require an annual review of useful lives at the end of the year. If it is evident that there are intangible assets with definite useful lives it should be amortized in straight line method after estimating its useful life.

2. Judgment of Intangible Assets with Indefinite Useful Lives

An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company or it has no definite useful life. The judgment basis of intangible assets with indefinite useful life: (i) derived from the contractual rights or other legal rights but the contract or the law does not specify certain useful life; (ii) in light of the conditions of the competitors and the opinions of relevant experts, the specific period that intangible asset can generate economic benefits to the Company still cannot be determined.

At the end of each year, the useful life shall be reviewed for those intangible assets with indefinite useful life by mainly using the bottom-up method. The relevant department that uses intangible asset will perform the basic review and evaluate whether there are changes in the basis for judgments of the indefinite useful life, etc.

3. Specific Criteria for Research Phase and Development Phase of Internal R&D Projects, and Specific Criteria for Capitalization Conditions of Expenditure at Development Phase

As for internal research and development, expenditure arising from the research phase is recognized into profit or loss in the current period in which it is incurred. Expenses incurred during the development stage that satisfy the conditions of intangible assets are recognized as intangible assets.

(XXII) Long-term Deferred Expenses

Long-term deferred expenses of the Company are expenses which have been paid but whose benefit period is over one year (not including one year). Long-term deferred expenses are amortized evenly over the estimated benefit period of the expense item. In the case that the long term deferred expense cannot benefit the future accounting period, the residue value of such projects not amortized yet shall all be transferred to the profit or loss in the current period.

(XXIII) Asset Impairment

Should there be traces of impairment in long-term equity investment, properties investment adopting cost-mode measurement, fixed assets, engineering in construction, intangible assets, goodwill and other long term assets of the balance sheet, testing for impairment shall be conducted. The results of said testing for impairment shows that should the recovered amount of assets be lower than its book value, provision for impairment regarding such difference shall be made and be recognized in profit and loss.

Recovered amount is the higher of the net amount derived from deducting the disposal fee from the fair value of asset, and the present value of the expected cash flow of assets. Provision for asset impairment shall be calculated and recognized based on a single item of asset. If it is difficult to evaluate the recovered amount for a single item of asset, such recovered amount for the asset group can be recognized by the asset group belonged to such assets. Asset group is the smallest asset group that can independently generate cash flow.

As for the goodwill listed individually in the financial statement, regardless of the existence of traces of impairment, impairment test shall be conducted at least annually. When impairment test is being conducted, the book value of goodwill will be amortized to such asset group or asset group combination benefited from the synergic effect of the expected enterprise combination. Testing results show that should the recovered amount of such asset group or asset group combination of amortized goodwill is lower than its book value; the corresponding impairment loss is recognized. The impairment loss amount is firstly used to offset such amortized book value of the goodwill regarding such asset group or asset group combination. The book value of other assets shall be offset based on the ratio accounted by the book value of such other assets (excluding the goodwill) of such asset group or asset group combination

Once the foregoing asset impairment loss is recognized, the restorable portion of the post-period value will not be reversed.

(XXIV) Employees' Wages

Employees' wages refer to remuneration or indemnification in various forms given to employees for the company's obtaining of service provided by employees or for dissolution of labour relationship with employees. Employees' wages shall include short-term wages, after-service welfare, dismissal welfare and other long-term employees' welfare.

1. Short-term Wages

During the accounting period for which employees provide their service to the Company, the short-termed wages actually incurred are recognized as liabilities and recognized in current profit and loss, except for being recognized in asset cost as required or allowed by other accounting standards. The employees' welfare incurred shall be recognized in current profit and loss or

relevant asset cost based on the actual amount incurred at the time of occurrence. Should the employees' welfare be non-monetary welfare, it shall be measured at fair value. The company shall pay for employees' medical insurance, labour injury insurance, birth insurance and other social insurance premium and housing accumulation fund. Besides, the Company shall allocate labor union expenses and employee education expenses. During the accounting period for which employees provide their service, the amount of the corresponding employee's wage shall be calculated and confirmed pursuant to the allocation basis and the ratio of allocation as stated; and the corresponding liabilities shall be recognized and recorded in current profit and loss or the relevant asset cost.

2. Off-service Welfare and Dismissal Welfare

During the accounting period for which employees provide their service, the Company shall recognize the amount of deposit reserve as liabilities calculated based on the Defined Contribution Plan, and shall recognize it in current profit and loss or the relevant asset cost. According to the formula confirmed by the expected accumulated welfare unit method, the welfare obligations generated in defined benefit plans shall be attributable to the period for which employees provide their service and shall be recognized in current profit and loss or the relevant asset cost.

When the company provides employees with dismissal welfare, the employees' wage liabilities generated from the dismissal welfare is recognized and recorded in current profit and loss whichever of the following is earlier: when the company cannot unilaterally revoke such dismissal welfare provided due to dissolution of labor relationship plan or suggested redundancy; when the company recognizes such cost or fee involving the restructuring of payment for dismissal welfare.

3. Other Long-term Employees' Welfare

Such other long-term employees' welfare provided to employees by the Company is in compliance with the conditions for the Defined Contribution Plan and shall be processed pursuant to the provisions of the Defined Contribution Plan. In addition, net liabilities or net assets of other long-term employees shall be recognized and measured pursuant to the relevant provisions of the Defined Benefits Plan.

(XXV) Contingent Liability

If an obligation in relation to contingency is the present obligation of the Company and the performance of such obligation are likely to lead to the outflow of economic benefits and its amount can be reliably measured, such obligation shall be recognized as contingent liability. Initial measurement should be made by the Company in accordance with the best appraisable amount of expenses to fulfill relevant current obligation. The best appraisable amount should be a middle value if the expense occurred in a continuous period in which kinds of results occurred at the same possibility. If there are lots of projects, the best appraisable amount should be based on kinds of results and relevant possibility.

At the balance sheet date, the Company reviews the carrying value of contingent liability and an adjustment is necessary according to the current best appraisable amount if there is obvious evidence that carrying value cannot fairly represent the best appraisable amount.

(XXVI) Share-based Payment

The Company's share-based payments are classified into equity-settled share-based payments and cash-settled share-based payments. The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. Where there is an active market, it shall be measured at the quotations on the active market; otherwise it shall be measured by the valuation technique, including reference to prices adopted by well-informed and voluntary parties to the recent market transactions, reference to

current fair value of other financial assets with similar characteristics, cash flows discount and option pricing model, etc..

On each balance sheet date, the Company shall revise the number of share options expected to exercise on the basis of such subsequent information as the updated number of entitled employees and the degree to which performance indicators are achieved, on which the Company will recognize the expenses to be amortized in every accounting period. Regarding option premium spanning across multiple accounting periods, it shall be amortized usually according to the proportion of the length of the said option's vesting period during the specific accounting period in the length of the whole vesting period.

(XXVII) Other Financial Instruments Including Preferred Shares and Perpetual Bonds

1. Division of Financial Liability and Equity Instrument

Preferred shares, perpetual bonds (e.g., MTNs with long-term rights), subscription rights, convertible corporate bonds issued by the Company shall be classified as financial liability or equity instrument in accordance with the following principle:

- (1) Settled in cash, other financial assets or through exchange of financial assets or financial liabilities. Where the enterprise cannot unconditionally avoid the delivery of cash or other financial assets for the purpose of performing a contract obligation, this obligation shall be qualified as financial liability.
- (2) Settled in its own equity instrument. Where a financial instrument issued has to be or is allowed to be settled in the enterprise's own equity instrument as the substitute of cash or other financial asset, this instrument shall be the issuer's financial liability; where it is used to make the holder of this instrument enjoy the remaining interest in the assets after the issuer deducts all liabilities, this instrument shall be the issuer's equity instrument.
- (3) Regarding the classification of the financial instruments that shall have to be or may be settled in the enterprise's own equity instrument, it should make clear whether this instrument is a derivative instrument or a non-derivative-instrument. For non-derivative instruments, if the issuer is not obligated to deliver its own variable-number equity instruments for the settlement purpose, it shall be equity instrument; otherwise it shall be financial liability. For derivative instrument, if the issuer can only exchange the fixed-amount cash or other financial assets with its own fixed-number equity instruments for the settlement purpose, it shall be equity instrument; if the issuer can exchange the variable-amount cash or other financial assets with its fixed-number equity instruments, or exchange fixed-amount cash or other financial assets with variable-number equity instruments, or exchange variable-amount cash or other financial assets with its own variable-number equity instruments under the condition that the conversion price may not be fixed, this instrument shall be recognized as financial liability or financial asset.

2. Accounting Treatment for Preferred Shares and Perpetual Bonds

The Issuer shall include the financial instrument classified as the financial liability into the "bond payable" item. Within the duration of this instrument, such accounting treatments as interest provisioning and adjustment of the interest on the book shall follow the regulations on the subsequent measurement of financial liability at amortized cost as prescribed in the Accounting Standards for Business Enterprises - Recognition and Measurement of Financial Instruments. Financial instrument classified as the equity instrument shall be accounted in "other equity instrument" item, and the dividend paid off within the duration (including the interest generated by the instruments classified as equity instrument) shall be distributed as profits.

(XXVIII) Revenue

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognized in profit or loss when it is probable

that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met.

1. Sales of goods

Significant risks and rewards of ownership of goods have been transferred to the buyer; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the enterprise; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. Revenue Arising from Property Leasing

Such revenue shall be amortized by using the straight line method and recognized as leasing revenues within the whole leasing period without deducting the rent-free period in accordance with the contract or the agreement signed by the Company with the lessee.

3. Revenue from Property Management

When the Company has provided the property management services, the inflow of economic benefits arising therefrom is probable, and the cost related to the property management service can be measured reliably, such revenue shall be recognized as the revenue from property management.

4. Fee and Commission Income

It is the fee and commission income charged by the Company for providing clients with services such as consulting service, guaranteed service and entrusted safekeeping service. Fee and commission income may arise from business handling as agent, consulting service, guarantee service, asset management service, entrusted safekeeping, securities trading as agent, securities underwriting as agent, securities payment as agent, securities safekeeping as agent, and other relevant services. Income arising from different services will be recognized as follows:

- (1) Commission income shall be recognized as revenue at the time of settlement with clients;
- (2) Income from securities underwriting shall be recognized in accordance with the issuing methods. 1) Firm commitment underwriting: recognizing the revenue after deducting the subscribing price from the issuing price when reselling the securities to investors; 2) Stand by commitment underwriting and proxy sales: the fee income shall be recognized when settling the issuing price with the issuer upon the end of the issuing period;
- (3) Income from entrusted investment management shall be recognized as revenues in accordance with the contract.

5. Interest Income

Interest income shall be determined on the basis of the time of using the Company's capital and the actual interest rate. Interest expense shall be determined on the basis of the time of using the Company's capital and the actual interest rate.

6. Investment Income

Bonus, dividend or cash dividend obtained by the Company during the period of holding tradable financial assets and available-for-sale financial assets shall be recognized in current profit and loss; the difference between the proceeds from disposal of the financial asset with its carrying value shall be recognized as investment income; the difference between the fair value of the disposed financial asset and its original carrying value shall be recognized as investment income, while the profit or loss from the change in fair value shall be adjusted at the same time.

Where the cost approach is used to account for long-term equity investment, the share of the cash dividends or profits declared by the investee attributable to the Company shall be recognized as income; where the equity approach is used to account for long-term equity investment, the investment income shall be recognized based on the share the Company should enjoy from the net profits or adjusted net profits realized by the investee.

(XXIX) Government Grants

1. Types of Government Grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Company except for capital contribution from the government in the capacity as an investor in the Company. Government grants are mainly divided into asset-related government grants and income-related government grants.

2. Accounting Treatment for Government Grants

A government grant related to an asset is recognized initially as deferred income and amortized to profit or loss on a straight line basis over the useful life of the asset. A grant that compensates the Company for expenses to be incurred in the future is recognized initially as deferred income, and released to profit or loss in the periods in which the expenses are recognized. A grant that compensates the Company for expenses already incurred is recognized in profit or loss immediately.

3. Judgment Basis for Asset-related Government Grants and Income-related Government Grants

The government grant that is obtained by the company and is used for acquisition or construction or forming long-term assets in other ways shall be recognized as the asset-related government grants; the governmental grant other than that is related to asset shall be recognized as the income-related government grants.

4. Amortization Method for Deferred Income Related to Government Grants and Recognition Method for Amortization Period Thereof.

Asset-related government grants shall be recognized as deferred income. Commencing from the day on which the relevant assets are available for use, deferred income shall be recorded into profit and loss for the current period on an even and amortized basis according to the estimated useful life of the relevant assets.

5. Timing of Recognizing Government Grants

Government grants measured at amount receivable shall be recognized at the end the period when there are obvious evidences that such grants meet relevant provisions prescribed by fiscal support policies and are anticipated to get the fiscal support funds. Other government grants shall be recognized at the time of receiving the specific grants.

(XXX) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized.

3. Deferred tax liability is recognized for assessable temporary difference related to the investments of the subsidiaries and associated companies, unless the Company could control the time for the reversal of the temporary differences and the temporary differences would not be reserved in the foreseeable future. Deferred tax asset is recognized for the deductible temporary difference related to the investments of subsidiaries and associated enterprises, if such temporary differences are much likely to be reversed in the foreseeable future and there will be enough

future profit for the utilization of such deductible temporary difference.

(XXXI) Leases

The Company's leases can be divided into finance lease and operating lease. A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. Finance lease is determined when one or a combination of the following conditions are satisfied: the ownership has been transferred to the lessee when the leasing term is due; the lessee has the option to purchase the leasing asset at a price that is much lower than its fair value, so it can be reasonably determined that the lessee will take the option at the very beginning of the lease; the leasing term accounts for most time of the useful life even if the ownership does not transfer to the lessee; the present value of the minimum amount of rent that the lessee has to pay at the first day of the lease almost amounts to its fair value at the same date; the leased assets are of such a specialized nature that only the lessee can use them without major modifications. An operating lease is a lease other than a finance lease.

The accounting treatment for the Company's lease business shall follow Accounting Standards for Business Enterprises-Leases.

(XXXII) Other Significant Accounting Policies and Accounting Estimates

Include but not limited to: criteria for determining the discontinued operation and accounting treatment in connection therewith, basis and accounting treatment for adopting hedging accounting, accounting treatment in relation to the share repurchase, accounting treatment for asset-backed securities business, among others.

III. Notes to Significant Changes in Significant Accounting Policies, Significant Accounting Estimates and Error Correction

(I) Significant Changes in Accounting Policies

There are no significant changes in the Company's significant accounting policies during this reporting period.

(II) Significant Changes in Accounting Estimates

There are no significant changes in the Company's significant accounting estimates during this reporting period.

(III) Error Correction

Error correction in prior periods is mainly due to the auditing adjustment of the Company's overseas tier-1 subsidiary China Oceanwide International Investment Company Limited in the preceding year, and the parent company's adjustment of investment income and additional surplus reserve for the preceding year. Therefore the error correction at the beginning of this year is as follows:

Item Adjusted	As of December 31, 2014	
	After Adjustment	Before Adjustment
Cash at bank and on hand	2,437,117,665.21	2,413,552,986.46
Financial assets at fair value through profit or loss	384,413,646.78	359,018,313.33
Advances to suppliers	207,352,768.59	231,537,830.12
Other account receivables	1,979,326,660.37	1,987,315,125.96
Available-for-sale financial assets	2,277,201,403.45	2,291,066,131.06

Item Adjusted	As of December 31, 2014	
	After Adjustment	Before Adjustment
Fixed assets	215,130,432.59	20,996,531.14
Construction in progress	112,169,754.23	106,377,408.71
Goodwill	226,947,516.64	231,301,822.11
Deferred tax assets	344,240,926.64	337,250,612.34
Other non-current assets	859,392,972.71	862,578,838.37
Short-term borrowings	1,351,659,627.35	1,258,858,239.72
Account payables	400,595,664.34	399,878,794.27
Employee benefits payable	59,191,631.45	59,172,713.5
Taxes and surcharges payable	259,858,018.08	259,858,087.51
Interests payable	32,772,941.75	32,709,826.67
Other account payables	347,947,502.84	369,569,684.23
Long-term borrowings	5,747,513,535.4	5,840,791,480.26
Long-term accounts payable	40,062,148.75	30,053,340.89
Capital reserves	511,094,030.07	500,141,673.45
Other comprehensive income	712,418,921.57	678,907,277.45
Surplus reserve	78,741,733.51	70,965,252.36
Undistributed profit	1,376,567,769.41	1,403,811,681.16
Minority interests	955,524,795.43	955,910,521.17

IV. Taxation

(I) Major tax types and tax rates applicable to the Company

Category	Tax Basis	Tax Rate
Value-added-tax ("VAT")	Taxable sales revenues	3%, 13% or 17%
Business tax	Business turnover	5%
City maintenance and construction tax	Turnover tax payable	7%
Educational surcharge	Turnover tax payable	3%
Local educational surcharge	Turnover tax payable	2%
Land appreciation tax	Pre-sales revenues	1%
Business income tax	Taxable incomes	15%, 22% or 25%
Property tax	70%-80% of the property's original value, or rental income	1.2% or 12%

V. Business Combination and Consolidated Financial Statements

(I) Profiles of Subsidiaries and Structural Entities Included into Combination (in 10 thousand)

No.	Subsidiary Name	Registration place	Business Nature	Registered Capital	Stake
1	Oceanwide Holdings Co., Ltd.	Beijing	Real estate development	70,181.6	73.82%
2	Oceanwide Energy Holdings Co., Ltd	Beijing	Investment management	30,799.56	80.00%
3	Oceanwide Industrial	Weifang	Investment management	8,089.2	94.21%
4	Minsheng Holdings Co., Ltd	Qingdao	Investment management	8,190.7	22.56%
5	Oceanwide Energy Investment Baotou Co Ltd	Baotou	Investment and development of energy and new energy	7,699.89	100.00%
6	Shaanxi Jiuzhou Yinghong Industrial Development	Xi'an	Real estate development, hotel management	615,991.2	70.00%
7	Oceanwide Cultural Media Holdings Co Ltd	Beijing	Investment management	3,282.28	90.00%
8	Beijing Jingguan Culture Media Co Ltd	Beijing	Advertising	7,699.89	100.00%
9	Oceanwide International Investment	Hong Kong	Investment management	US\$199.80mm	100.00%
10	China Minsheng Trust	Beijing	Trust	46,199.34	59.65%
11	Oceanwide International Investment (US) Co Ltd	US	Investment management	US\$15.90mm	100.00%
12	Oceanwide Art Gallery	Beijing	Exhibition	461.99	100.00%

(II) Entities Included and Not Included into Combination during This Period

Tier-1 subsidiaries or structural entities included into the combination during this period

Name	Net Assets at Period Ending	Net Profits of This Period
Minfeng Capital Investment Co Ltd	241,530.15	0.00
Oceanwide Capital Investment Management Co Ltd	784,760.72	(628.06)

Tier-1 subsidiaries or structural entities not included into the combination during this period

Name	Registered Capital (USD1,539.98)	Original Stake	Remarks
Minsheng Wealth Investment Management Co Ltd	153,997.8	100.00%	100% equity sales to Minsheng Holdings
Oceanwide Lvneng Investment Co Ltd	1,539.98	80.00%	Lost control because of capital increase from original minority shareholders
Oceanwide Construction Holdings Co Ltd	36,959.47	74.17%	De-registered as being absorbed by the parent company China Oceanwide

VI. Notes to Important Items of Consolidated Financial Statements

(I) Cash at bank and on hand

1. Breakdown of Cash and Cash Equivalents

Item	Closing Balance		Opening Balance	
	Amount	Of which: Amount in Foreign Currency	Amount	Of which: Amount in Foreign Currency
Cash	156,971.32	32,834.06	221,486.62	48,818.15
Bank deposits	5,842,499,675.39	625,148,546.08	2,424,444,721.35	328,198,332.95
Other monetary funds	75,680,265.48	4,525,720.37	12,451,457.24	3,207,594.94
Total	5,918,336,912.18	629,707,100.51	2,437,117,665.21	331,454,746.05

Note: Other monetary funds are mainly the funds in securities account

Of which, the breakdown of large-denomination time deposits is presented as follows:

Maturity	Closing Balance	Opening Balance
3 months to 1 year		38,989,217.08
1+ year	104,718,504.	
Total	104,718,504.	38,989,217.08

Of which, the restricted cash and cash equivalents are as follows:

Item	Closing Balance	Opening Balance
Security for bidding (letter of guarantee)	14,986,921.53	
Performance security (letter of guarantee)	10,158,506.37	22,141,151.25
Special funds for relocation	9,392.22	124,539.57
Funds in float	5,326,156.9	
Trust protection funds	51,025,751.66	
Total	81,506,728.67	22,265,690.82

2. Settlement Reserves

Closing Balance	Opening Balance
72,419,394.76	58,573,162.60

Note: All are the settlement reserves of Minsheng Securities Co., Ltd.

(2) Financial Assets at Fair Value through Profit or Loss

Item	Closing Balance	Opening Balance
1. Held-for-trading financial assets	757,956,122.23	252,256,513.23
(1) Held-for-trading bond investment	610,435,237.17	219,812,713.45
(2) Held-for-trading equity instrument investment	147,520,885.06	32,443,799.78
2. Financial assets designated to measure at fair value through profit or loss	1,628,590.01	
3. Others	20,685,112.83	132,157,133.54
Total	780,269,825.07	384,413,646.78

Note: Mainly include the held-for-trading financial assets of Minsheng Securities and China Minsheng Trust.

(3) Financial Derivative Assets

Category	As of End of Reporting Period					
	Hedging Instruments			Non-hedging Instruments		
	Nominal Amount	Fair Value		Nominal Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Interest derivatives				258,000,791.72	2,901.56	
Interest rate swap				243,316,524.	-1,729,947.62	
Interest rate swap for offsetting temporary credit and debit					1,732,849.18	
Government bond futures				14,684,267.72	3,449.55	
Government bond futures for offsetting temporary credit and debit					-3,449.55	
Equity derivatives				339,361.87		
Stock index and commodity futures				339,361.87	1,219.66	
Stock index futures for offsetting temporary credit and debit					-1,219.66	
Stock return swap				91,004,779.69		12,752,276.07
Total				349,344,933.29	2,901.56	12,752,276.07

(Cont.)

Category	As of End of Reporting Period					
	Hedging Instruments			Non-hedging Instruments		
	Nominal Amount	Fair Value		Nominal Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Interest derivatives				289,515,864.		12,162.99
Interest rate swap				289,515,864.		1,894,676.28
Interest rate swap for offsetting temporary credit and debit						-1,882,513.28
Other derivatives				156,589.27	5,211.29	
Commodity futures				156,589.27	-5,211.29	
Commodity futures for offsetting temporary credit and debit				339,361.87		
Total				289,672,453.27		12,162.99

(4) Notes Receivable

1. Breakdown of Notes Receivable

Item	Closing Balance	Opening Balance
Bank acceptance	851,556.39	614,649.88
Trade acceptance	77,830.41	0.00
Total	929,386.8	614,649.88

2. Endorsed or Discounted But Undue Notes Receivable at Balance Sheet Date

Item	Closing Balance Derecognized	Closing Balance Not Yet Derecognized
Bank acceptance	1,858,423.72	0.00
Trade acceptance	0.00	0.00
Total	1,858,423.72	0.00

(5) Accounts Receivable

Category	Closing Balance			
	Book Balance		Provision for Bad Debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Receivables of individually significant amount and with provision made on an individual basis	0.00	0.00	0.00	0.00
Receivables with provision made for bad debt on group basis	246,105,127.8	99.91	10,635,891.58	98.54
Receivables of individually insignificant amount but with provision made on an individual basis	226,320.67	0.09	157,565.16	1.46
Total	246,331,448.47	100.00	10,793,456.74	100.00

(Cont.)

Category	Opening Balance			
	Book Balance		Provision for Bad Debt	
	Amount	Proportion (%)	Amount	Proportion (%)
Receivables of individually significant amount and with provision made on an individual basis	0.00	0.00	0.00	0.00
Receivables with provision made for bad debt on group basis	256,666,764.10	99.92	12,567,270.51	100.00
Receivables of individually insignificant amount but with provision made on an individual basis	214,250.54	0.08	0.00	0.00
Total	256,881,014.64	100.00	12,567,270.51	100.00

1. Accounts Receivable with Provision for Bad Debt Made on Group Basis

Accounts receivable with balance percentage method adopted for provision for bad debt

Age	Closing Balance			Opening Balance		
	Book Balance	Percentage (%)	Provision for Bad Debt	Book Balance	Percentage (%)	Provision for Bad Debt
<1Y	241,010,440.73	97.87	10,543,129.00	245,438,987.89	95.53	12,014,351.78
1-2Ys	3,472,912.48	1.41	160,741.80	9,122,295.73	3.56	446,543.21
2-3Ys	1,123,795.57	0.46	54,396.92	1,831,643.14	0.71	83,100.65
>3Ys	724,299.69	0.26	35,189.03	488,087.88	0.20	23,274.87
Total	246,331,448.47	100.00	10,793,456.74	256,881,014.64	100.00	12,567,270.51

2. Top five balances of accounts receivable

Company Name	Amount	Provision for Bad Debt	% in total ARs
Customer A	4,296,538.62	214,826.93	1.74

Company Name	Amount	Provision for Bad Debt	% in total ARs
Customer B	1,131,883.83	56,594.19	0.46
Customer C	1,108,784.16	55,439.21	0.45
Customer D	1,087,224.47	54,361.22	0.44
Customer E	158,617.73	5,413,022.67	0.44
Total	8,707,035.61	435,351.78	3.53

(6) Advances to suppliers

1. Aging Analysis of Advances to suppliers

Age	Closing Balance		Opening Balance	
	Amount	Percent (%)	Amount	Percent (%)
<1Y	66,306,932.22	82.41	107,912,490.46	52.08
1-2Ys	2,765,391.31	3.44	90,730,454.95	43.76
2-3Ys	3,171,697.29	3.82	2,295,792.62	1.11
>3Ys	8,324,717.09	10.33	6,414,030.55	3.05
Total	80,568,737.90	100.00	207,352,768.59	100.00

2. Details of Top 5 Parties by Amount of Advances to suppliers

Company Name	Amount	% in total Advances to suppliers
Legal person A	14,945,125.12	18.62
Legal person B	9,553,308.86	11.86
Legal person C	7,001,521.53	8.69
Legal person D	5,699,676.84	7.07
Legal person E	1,640,861.20	2.04
Total	38,895,941.99	48.28

(7) Repurchase of sale of financial assets

1. Classification by financial assets

Item	Closing Balance	Opening Balance
Bonds	65,495,264.34	23,161,244.42
Shares	72,365,884.96	14,086,955.99
Less: Impairment reserve	361,829.43	

Total	137,499,319.88	37,248,200.41
-------	----------------	---------------

2. Margin Loans under repurchase agreement and pledged repurchase classified by remaining maturity

Item	Closing Balance	Opening Balance
<1M	346,156.25	4,167,790.45
1-3M	20,011,997.17	2,846,206.28
3 months to 1 year	27,235,558.73	1,452,604.58
>1Y	24,772,172.81	5,620,354.68
Total	72,365,884.96	14,086,955.99

(8) Margin loans

1. Presented by Customers

Category	Closing Balance	Opening Balance
Individuals	733,647,324.54	496,156,986.87
Institutions	18,430,186.76	2,276,237.92
Total	752,077,511.30	498,433,224.79
Less: Impairment reserves	1,504,155.02	0.00
Net value of funds lent	750,573,356.27	498,433,224.79

2. Details of the Collaterals for margin loans

Category	Closing Balance	Opening Balance
Capital	5,438,143,123.46	19,205,314.35
Securities	2,006,262,451.82	1,314,078,558.81
Total	2,060,643,883.05	1,333,283,873.17

(9) Interests Receivable

Item	Closing Balance	Opening Balance	Time Overdue	Reasons for Being Overdue	Whether Impaired
Bond investment	15,061,647.24	875,963,846.39	No		No
Debt investment	1,031,493.98		No		No
Due from placements with Other Financial Institutions	1,014.47	618,975.66	No		No
Margin trading	9,907,033.31	3,894,069.97	No		No
Reverse REPO	718,722.87	229,854.87	No		No

Item	Closing Balance	Opening Balance	Time Overdue	Reasons for Being Overdue	Whether Impaired
Interest arising from time deposits	4,594,545.72	0.00	No		No
Trust	0.00	3,713,322.	No		No
Payment for use of funds	2,699,066.57	0.00	No		No
Other	509,813.61	245,232.41	No		No
Total	34,523,337.77	17,461,093.27			

(10) Dividends Receivable

Item	Opening Balance	Increase in Current Period	Reduction in Current Period	Closing Balance
1.China Minsheng Investment Co Ltd	0.00	15,399,780.	0.00	15,399,780.
2. Proprietary funds	123,709.51	0.00	123,709.51	0.00
3. Qingdao Guohuo Huihai Lida Shopping Center (青岛国货汇海丽达购物中心)	391,379.32	0.00	391,379.32	0.00
Total	515,088.83	15,399,780.	515,088.83	15,399,780.

(11) Refundable deposits

Item	Currency	Closing Balance		Opening Balance	
	RMB	Amount in Foreign Currency	Amount in RMB	Amount in Foreign Currency	Amount in RMB
Margin trading	RMB	0.00	68,746,454.18	0.00	27,005,540.48
	HK\$	1,000,000.00	837,780.00	600,000.00	473,322.00
	US\$	270,000.00	1,728,674.00	270,000.00	1,652,130.00
Security deposit for credit	RMB	0.00	21,778,814.53	0.00	89,678,582.03
Security deposit for futures	RMB	0.00	56,993,919.48	0.00	86,174,809.50
Performance security	RMB	0.00	3,881,152.07	0.00	0.00
Security deposit placed with industry associations	RMB	0.00	2,190,000.00	0.00	0.00
Security for bidding	RMB	0.00	1,340,000.00	0.00	0.00
Other	RMB	0.00	2,590,000.00	0.00	0.00
Total		1,270,000.00	160,086,794.26	870,000.00	204,984,384.01

(12) Other Accounts Receivable

1. Receivables with Provision Made For Bad Debt on Group Basis
Accounts receivable with balance percentage method adopted for provision for bad debt

Age	Closing Balance			Opening Balance		
	Book Balance	Provision for Bad Debt	Net Amount	Book Balance	Provision for Bad Debt	Net Amount
<1Y	4,237,309,643.2	19,966,066.9	4,217,343,576.31	1,317,179,310.71	32,592,553.77	1,316,853,385.17
1-2Ys	165,147,263.47	9,108,558.23	165,056,177.89	488,708,079.81	97,075.68	488,611,004.13
2-3Ys	343,998,406.3	46,180.14	343,952,226.16	50,517,960.61	205,122.85	50,312,837.76
>3Ys	176,069,446.61	2,207,175.54	173,862,271.07	144,810,826.4	21,261,393.1	123,549,433.31
Total	4,922,524,759.59	22,310,508.17	4,900,214,251.42	2,001,216,177.53	21,889,517.16	1,979,326,660.37

2. Details of Top 5 Parties by Amount of Other Accounts Receivable

Company Name	Relationship with Company	Amount	Age	% in total of other ARs
Legal person A	Connected party	1,623,304,609.71	<1Y	33.13
Legal person B	Connected party	1,130,712,601.33	<1Y	23.08
Legal person C	Connected party	864,554,816.12	<1Y	17.64
Legal person D	Non-connected party	157,210,478.68	<1Y	3.21
Legal person E	Non-connected party	169,397,580.00	1-2Ys	3.46
Total	--	3,945,180,085.84	--	80.52

(13) Inventories

1. Inventory breakdown

Inventory item	Ending amount			Beginning amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Non-real estate						
Merchandise inventory	7,818.51		7,818.51	5,417.74		5,417.74
Materials in stock	2,735,089.59	173,816.21	2,561,273.38	1,607,545.97	67,596.12	1,539,949.85
Unfinished goods	2,076,342.54		2,076,342.54	2,972,156.85		2,972,156.85
Finished goods	18,297,842.50	479,252.80	17,818,589.70	3,201,164.90	346,194.46	2,854,970.43
Low-value consumption goods	184,957.90		184,957.90	183,741.72		183,741.72
Subtotal	23,302,051.04	653,069.01	22,648,982.03	7,970,027.19	413,790.59	7,556,236.61
Real estate						
Development cost	7,081,840,932.73		7,081,840,932.73	5,008,484,269.79		5,008,484,269.79

Inventory item	Ending amount			Beginning amount		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Development products	816,782,153.24		816,782,153.24	631,883,082.47		631,883,082.47
Leasing of development products	2,309,066.57		2,309,066.57	2,309,066.57		2,309,066.57
Subtotal	7,900,932,152.55		7,900,932,152.55	5,642,676,418.83		5,642,676,418.83
Total	7,924,234,203.59	653,069.01	7,923,581,134.58	5,650,646,446.02	413,790.59	5,650,232,655.43

2. Change in impairment provision of inventories

Inventory item	Beginning amount	Provisions for the current period	Decrease for the current period		Ending balance
			Reversal or write-off	Other	
Finished goods	346,194.46	133,058.33			479,252.80
Materials in stock	67,596.12	106,220.09			173,816.21
Total	413,790.59	239,278.42			653,069.01

(14) Non-current assets due within one year

Item	Ending balance	Beginning balance
Chattel mortgage loans	0.00	4,079,432.86
Property right pledged loans	0.00	8,690,095.85
Real estate mortgage loans	0.00	14,407,264.18
Loans and advances	30,349,420.35	0.00
Long-term prepaid expenses	462,564.10	0.00
Total	30,811,984.45	27,176,792.89

Note: Other non-current assets due within one year are mainly loans and advances due within one year.

(15) Other current assets

Item	Ending balance	Beginning balance
Prepaid taxes	49,918,413.04	2,495,973.22
Bank financing products	366,988,334.10	22,646,331.14
Equity trading swap margin	38,434,912.02	0.00
Prepayment for claims	7,352,072.93	0.00
Prepaid interests	3,609,781.08	4,079,197.59

Item	Ending balance	Beginning balance
General insurance accounts receivable	1,755,882.76	0.00
Unamortized expense	1,217,272.32	0.00
Prepaid commission	343,344.30	0.00
Trust financial products	103,394,339.13	20,019,714.00
VAT input tax payable to be deducted	87,607.60	47,991.29
Trust loans	59,458,550.58	60,983,128.80
Other	91,884.66	0.00
Total	632,652,394.52	110,272,336.04

(16) Available-for-sale financial assets

1. Available-for-sale financial assets breakdown

Item	Ending balance	Beginning balance
1. Available-for-sale financial assets calculated based on cost		
Investment in equity instruments	537,682,906.42	483,793,411.45
Trust products	474,875,315.97	30,799,560.00
2. Available-for-sale financial assets calculated based on fair value		
Investment in debt instruments	108,286,006.14	88,694,446.19
Investment in equity instruments	3,302,862,250.71	1,673,913,985.81
3. Others calculated based on fair value	7,765,273.91	
Total	4,431,471,753.16	2,277,201,403.45

Note: Other Available-for-sale financial assets are mainly asset management investment plan with proprietary funds of Minsheng Securities in which Minsheng Securities acts as asset manager

2. Investment in equity instruments calculated based on cost and trust products breakdown

Item (investee)	Beginning balance	Change	Ending balance	Impairment provision
China Minsheng Investment Corp., Ltd *1	153,997,800.00	0.00	153,997,800.00	
Bank of Zhengzhou Co., Ltd	1,044,105.08	0.00		
China Securities Internet System Co., Ltd	0.00	7,699,890.00	1,044,105.08	
Anhui EHE New Energy Tech. Co., Ltd *2	0.00	0.00	7,699,890.00	
Well Logging Energy Technology (Xi'an) Co., Ltd	4,186,925.61	0.00	2,932,118.11	2,932,118.11
Xi'an Triangle Aviation Science & Technology Co., Ltd	3,896,144.34	0.00	4,186,925.61	

China Oceanwide Holdings Group Co., Ltd.
Notes to Financial Statements
Jan 1, 2015 to Dec 31, 2015

Item (investee)	Beginning balance	Change	Ending balance	Impairment provision
Beijing Itarge Technology Co., Ltd	2,525,563.92	(1,262,781.96)	3,896,144.34	
Hubei Hongyuan Pharmaceutical Technology Co., Ltd	0.00	4,453,616.75	1,262,781.96	
Shenzhen Newway Photomask Making Co., Ltd	0.00	1,539,978.30	4,453,616.75	
Shenzhen Linyoutong Technology Development Co., Ltd (深圳邻友通科技发展有限公司)	0.00	1,539,978.00	1,539,978.30	
ENGGA (Yangjiang) Electric Co., Ltd	0.00	1,524,578.22	1,539,978.00	
Oceanwide Green Energy Investment	0.00	123,198,240.00	1,524,578.22	
Tianjin SAIF Venture Capital	30,799,560.00	0.00	12,319,824.00	
Mianyang Science and Technology City Industry Investment Fund	52,247,718.94	(4,564,990.62)	30,799,560.00	
CITIC Industry Investment Fund Management Co., Ltd.	56,132,198.10	0.00	47,682,728.32	
Western New Times Energy Investment Co., Ltd.	13,859,802.00	0.00	56,132,198.10	
Shanghai Financial Development Investment Fund	27,719,604.00	0.00	13,859,802.00	
Beibu Gulf Bank Co., Ltd.	50,819,274.00	15,855,613.49	66,674,887.49	
Minsheng Bluesky Holding Co., Ltd	4,619,934.00	0.00	4,619,934.00	
Changbai Mountain International Tourism Resort Development Co. Ltd.	17,698,475.75	0.00	17,698,475.75	
Minsheng Academy (民生研修学院)	1,539,978.00	0.00	1,539,978.00	
Qingdao North Trade Group (青岛北方国贸集团股份有限公司)	3,079.96	0.00	3,079.96	
Qingdao Hisense Industry Co., Ltd.	6,929.90	0.00	6,929.90	
Shangdong Jiejing Group Co., Ltd.	2,463.96	0.00	2,463.96	
Liqun Group Qingdao Baihui Department Store Co., Ltd	3,079.96	0.00	3,079.96	
Minsheng E-commerce Co., Ltd.	13,859,802.00	2,771,960.40	16,631,762.40	
Minsheng E-commerce Holding Co., Ltd.	0.00	11,087,841.60	11,087,841.60	
Xinneng Phoenix (Tengzhou) Energy Co., Ltd.	34,571,020.02	0.00	34,571,020.02	
Stone Jiu Guang New Technology Development (Holdings) Co., Ltd.	13,861,693.36	0.00	13,861,693.36	
China International Alumina Development Co., Ltd	398,258.60	0.00	398,258.60	
YingCaiYuan Investment and Management Co., Ltd (英才元投资管理有限公司)	0.00	769,989.00	769,989.00	
Harvest Capital Management Co., Ltd.	0.00	153,997.80	153,997.80	
Trust products	30,799,560.00	444,075,755.97	474,875,315.97	

Item (investee)	Beginning balance	Change	Ending balance	Impairment provision
Total	514,592,971.45	497,965,250.94	1,015,490,340.51	2,932,118.11

*1. This year, the Company's wholly-owned subsidiary Oceanwide Holdings subscribed for a total of 1,000,000,000 shares (at an initial offering price of USD .15 per share), or 2.00% of total share capital, of China Minsheng Investment Group ("CMIG").

*2. In July 2012, Minsheng Securities' subsidiary Minsheng Tonghai Investment Co., Ltd. ("Minsheng Tonghai") received the transfer of 1,000,000 shares in Anhui EHE New Energy Tech. Co., Ltd. ("Anhui EHE") from FANG Yongzhong and Beijing Yihe Yinfeng Technology Co., Ltd. for USD 1,047,185.04. Meanwhile, Minsheng Tonghai invested USD1,884,933.07 in Anhui EHE to further increase its holding by 1,800,000 shares. To add up, Minsheng Tonghai contributed a total of USD 2,932,118.11 for an ownership of 2,800,000 shares. Anhui EHE's closure in 2014 made it highly uncertain as to the recovery of related contribution. Therefore, Minsheng Tonghai made full provision for losses on the investment.

(17) Held-to-maturity investments

Item	Ending balance	Beginning balance
Bonds	18,783,440.04	16,939,758.00
Trusts	0.00	0.00
Others	307,995.60	17,555,749.20
Total	19,091,435.64	34,495,507.20

Note: "Others" refers to client-specific wealth management products held by Tonghai Investment Co. Ltd.

(18) Long-term equity investments

1. Classification of long-term equity investments

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Investments in subsidiaries				
Investments in JVs				
Investments in affiliates	983,956,167.48	(968,717,996.91)		8,472,557.23
Subtotal	983,956,167.48	(968,717,996.91)		8,472,557.23
Less: Provision for impairment losses on long-term equity investments				
Total	983,956,167.48	(968,717,996.91)		8,472,557.23

2. Breakdown of long-term equity investments

Investees	Accounting method	Cost of investment	Beginning balance	Change	Ending balance	Shareholding (%)
Affiliates						

Investees	Accounting method	Cost of investment	Beginning balance	Change	Ending balance	Shareholding (%)
1. Legend Holdings Limited	Equity method	292,696,970.65	975,388,265.49	-975,388,265.49		0
2. Sanya Golden Beach Properties Limited (三亚金色海滩置业有限公司)	Equity method	1,539,978.	1,442,403.64	20,464.27	1,462,867.91	20
3. Xi'an Lintong Emperor Qin's Mausoleum Scenic Spot Tourism Bus Operating Co., Ltd. (西安市临潼区秦陵景区旅游巴士运营有限公司)	Equity method	377,294.61	1,300,218.25	23,879.52	1,324,097.77	49
4. Oceanwide Hotel Investment & Management Co., Ltd. (泛海酒店投资管理有限公司)	Equity method	7,699,890.	5,825,280.11	5,825,280.11	4,884,946.86	50
5. Beijing Yuanpei Xinmin Education & Technology Development Limited (北京元培新民教育科技有限公司)	Equity method	75,458.92		46,055.46	46,055.46	50
6. Shaanxi Huadian Oceanwide Hongdunjie Coal & Power Co., Ltd. (陕西华电泛海红墩界煤电有限公司)	Equity method	754,589.22		754,589.22	754,589.22	49
Total		303,144,181.4	983,956,167.48	-968,717,996.91	8,472,557.23	

(19) Investment in futures membership

Investors	Beginning balance	Ending balance
Zhengzhou Commodity Exchange	61,599.12	61,599.12
Shanghai Futures Exchange	76,998.9	76,998.9
Dalian Commodity Exchange	76,998.9	76,998.9
Total	215,596.92	215,596.92

Note: From Minsheng Futures Co., Ltd., a subsidiary of Minsheng Securities Co., Ltd.

(20) Investment properties

1. Investment properties at fair value

Item	Beginning fair value	Increase for the current period	Ending fair value
------	----------------------	---------------------------------	-------------------

		Acquisition	Transfer from properties for self-use or inventory	Change in fair value	
1. Total cost	1,341,531,273.08	1,840,368.86	77,812,996.41		1,421,184,638.34
Including: Houses and buildings	1,341,531,273.08	1,840,368.86	77,812,996.41		1,421,184,638.34
Land use right					
2. Total change in fair value	1,162,963,582.97			59,160,364.53	1,222,123,947.5
Including: Houses and buildings	1,162,963,582.97			59,160,364.53	1,222,123,947.5
Land use right					
3. Total book value of investment properties	2,504,494,856.04	1,840,368.86	77,812,996.41	59,160,364.53	2,643,308,585.84
Including: Houses and buildings	2,504,494,856.04	1,840,368.86	77,812,996.41	59,160,364.53	2,643,308,585.84
Land use right					

2. Profile of investment properties without certificate of title

Item	Book value	Cause of Failure to Complete Procedures for Certificate of Title
Zhejiang Oceanwide SOHO Center	135,672,061.8	No certificate of title due to asset collateralization and other reasons
Wuhan Yinghai Garden Phase 1 Kindergarten	2,925,958.2	Ongoing
Beijing Oceanwide International Residence Zone (Phase 2) Lot 2# Commercial Building	89,318,724.	Ongoing
Total	227,916,744.	

(21) Fixed assets

1. Breakdown of fixed assets

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
1. Total original book value	347,459,696.3	69,114,315.93	11,828,235.68	404,745,776.55
Houses and buildings	160,473,164.94	21,645,041.07	1,793,503.09	180,324,702.92
Power and general equipment	21,362,942.12	6,747,243.54	2,135,068.75	25,975,116.91
Office supplies and equipment	27,094,206.63	10,430,783.37	5,494,261.1	32,030,728.91
Fixed assets held under financial leases	106,814,353.35	0.00	0.00	106,814,353.35
Others	31,715,029.26	30,291,247.94	2,405,402.74	59,600,874.47

China Oceanwide Holdings Group Co., Ltd.
Notes to Financial Statements
Jan 1, 2015 to Dec 31, 2015

Item	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
2. Total cumulative depreciation	129,272,407.38	49,322,332.06	7,811,152.02	170,783,587.43
Houses and buildings	50,896,481.48	9,873,628.85	560,256.19	60,209,854.14
Power and general equipment	12,934,992.94	6,160,806.07	1,678,554.14	17,417,244.87
Office supplies and equipment	14,273,489.15	5,044,636.49	3,396,403.2	15,921,722.45
Fixed assets held under financial leases	29,937,241.8	10,638,664.3	0.00	40,575,906.1
Others	21,230,202.01	17,604,596.35	2,175,938.49	36,658,859.88
3. Total loss provision	3,056,856.33	0.00	0.00	3,056,856.33
Houses and buildings	3,056,856.33	0.00	0.00	3,056,856.33
Power and general equipment	0.00	0.00	0.00	0.00
Office supplies and equipment	0.00	0.00	0.00	0.00
Fixed assets held under financial leases	0.00	0.00	0.00	0.00
Others	0.00	0.00	0.00	0.00
4. Total book value of fixed assets	215,130,432.59	--	--	230,905,332.79
Houses and buildings	106,519,827.13	--	--	117,057,992.45
Power and general equipment	8,427,949.18	--	--	8,557,872.04
Office supplies and equipment	12,820,717.48	--	--	16,109,006.46
Fixed assets held under financial leases	76,877,111.55	--	--	66,238,447.25
Others	10,484,827.26	--	--	22,942,014.59

2. Fixed assets leased through financial leasing as of December 31, 2015

Category	Original book value	Accumulated depreciation	Book balance	Book value
Business liners 1	59,328,503.65	2,765,301,558.69		31,675,488.06
Business liners 2	47,485,849.7	12,922,890.51		34,562,959.19
Total	106,814,353.35	40,575,906.1		66,238,447.25

(22) Construction in progress

Basic Information regarding Construction in Progress

Item	End of period balance			Beginning of period balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

Item	End of period balance			Beginning of period balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
1. Development of securities software system	280,953.59		280,953.59	896,867.79		896,867.79
2. Coal mine and coal chemical project engineering of Baotou Energy Company	40,634,917.29		40,634,917.29	39,290,398.94		39,290,398.94
3. Qinhuang hotel and theater project of Shaanxi Jiuzhou Yinghong Industrial Development Co., Ltd.	74,440,963.		74,440,963.	56,889,681.88		56,889,681.88
4. Decoration project of Weifang Oceanwide Hotel	0.00		0.00	39,792.8		39,792.8
5. Decoration costs for Shanghai offices of China Minsheng Trust Co., Ltd.	0.00		0.00	177,324.77		177,324.77
6. Central air-conditioning works of Minsheng Holdings Co., Ltd.	0.00		0.00	3,194,382.53		31,943.83
7. Electric power project of Oceanwide	93,223,318.45		93,223,318.45	14,843,744.22		14,843,744.22
Total	208,580,152.32		208,580,152.32	112,169,754.23		112,169,754.23

(23) Capitalized biological assets

Item	Beginning of year balance	Increase in current period	Decrease in current period	End of period balance
1. Animal husbandry and breeding industry	51.59	0.00	51.59	0.00
Capitalized biological assets	51.59	0.00	51.59	0.00
Total	51.59	0.00	51.59	0.00

(24) Intangible assets

Item	Beginning of year balance	Increase in current period	Decrease in current period	End of period balance
I. Total original cost	27,285,407.49	12,932,710.25	564,855.77	39,653,261.97
Including: Computer software	7,508,800.05	12,901,756.7	564,855.77	19,845,700.98
Land use rights	17,287,185.63	0.00	0.00	17,287,185.63
Patent rights	0.00	0.00	0.00	0.00
Non-patented technology	0.00	0.00	0.00	0.00

China Oceanwide Holdings Group Co., Ltd.
Notes to Financial Statements
Jan 1, 2015 to Dec 31, 2015

Item	Beginning of year balance	Increase in current period	Decrease in current period	End of period balance
Trademark rights	0.00	30,953.56	0.00	30,953.56
Copyrights	0.00	0.00	0.00	0.00
Concessions	2,489,421.81	0.00	0.00	2,489,421.81
II. Total amount of accumulated amortization	8,319,881.27	6,553,862.85	174,328.64	14,699,415.48
Including: Computer software	4,144,169.85	6,328,998.24	174,328.64	10,298,839.45
Land use rights	2,613,305.17	205,070.76	0.00	2,818,375.93
Patent rights	0.00	0.00	0.00	0.00
Non-patented technology	0.00	0.00	0.00	0.00
Trademark rights	0.00	19,793.86	0.00	19,793.86
Copyrights	0.00	0.00	0.00	0.00
Concessions	1,562,406.25	0.00	0.00	1,562,406.25
III. Total impairment of intangible assets	0.00	0.00	0.00	0.00
Including: Computer software	0.00	0.00	0.00	0.00
Land use rights	0.00	0.00	0.00	0.00
Patent rights	0.00	0.00	0.00	0.00
Non-patented technology	0.00	0.00	0.00	0.00
Trademark rights	0.00	0.00	0.00	0.00
Copyrights	0.00	0.00	0.00	0.00
Concessions	0.00	0.00	0.00	0.00
IV. Total book value of intangible assets	18,965,526.22	—	—	24,953,846.49
Including: Computer software	3,364,630.2	—	—	9,546,861.53
Land use rights	14,673,880.46	—	—	14,468,809.7
Patent rights	0.00	—	—	0.00
Non-patented technology	0.00	—	—	0.00
Trademark rights	0.00	—	—	11,159.7
Copyrights	0.00	—	—	0.00
Concessions	927,015.56	—	—	927,015.56

(25) Project materials

Item	Beginning of year balance	Increase in current period	Decrease in current period	End of period balance
Coal mine and coal chemical engineering project of Baotou Energy Company	395,890.06	0.00	347,419.5	48,470.56
Total	395,890.06	0.00	347,419.5	48,470.56

(26) Goodwill

Name of invested company or matters of goodwill	Beginning of year balance	Provision for impairment at beginning of year	Increase in current period	Decrease in current period	End of period balance	Provision for impairment at end of period
Acquisition of equity in China Oceanwide Holdings Group Co., Ltd.	53,365,752.27	0.00	0.00	0.00	53,365,752.27	0.00
Acquisition of equity in Beijing Jingguan Xincheng Advertising Co., Ltd.	152,910.41	0.00	0.00	0.00	152,910.41	0.00
Acquisition of equity in China Minsheng Trust Co., Ltd.	58,657,345.35	0.00	3,233,953.8	0.00	61,891,299.15	0.00
Acquisition of equity in Shaanxi Jiuzhou Yinghong Industrial Development Co., Ltd.	2,521,851.29	0.00	0.00	0.00	2,521,851.29	0.00
Acquisition of equity in Qilu Shandong Chamber of Commerce Building	64,023.17	0.00	0.00	0.00	64,023.17	0.00
Acquisition of equity in Minsheng Securities Co., Ltd. *1	10,380,184.64	0.00	0.00	0.00	10,380,184.64	0.00
Acquisition of equity in Minsheng Futures Co., Ltd. *2	1,088,952.09	0.00	0.00	0.00	1,088,952.09	0.00
Acquisition of equity in China Oceanwide Holdings Limited *3	100,682,477.26	0.00	6,241,012.92	0.00	106,923,490.18	0.00
Acquisition of equity in Jinduobao Company*4	34,020.15	0.00	0.00	0.00	34,020.15	0.00
Acquisition of equity in Asia-Pacific Property & Casualty Insurance Co., Ltd. *5	0.00	0.00	183,363,702.34	0.00	183,363,702.34	0.00
Acquisition of PT.Banyuasin Power *6	0.00	0.00	301,836.05	0.00	301,836.05	0.00
Transferred 35% of the equity in Xinhua Real Estate Co., Ltd.*7	12,809,460.01	12,809,460.01	0.00	0.00	12,809,460.01	12,809,460.01
Total	239,756,976.64	12,809,460.01	193,140,505.12	0.00	432,897,481.76	12,809,460.01

*1 Refers to the difference between the cost of investment by China Oceanwide (the Company's controlling shareholder) and Oceanwide Energy Holdings Co., Ltd. (the Company's shareholder) at the time of the initial purchase of Minsheng Securities Co., Ltd., and the net identifiable assets of the Company on the trade date, which is presented as goodwill;

- *2 Refers to the difference between the equity in Minsheng Futures Co., Ltd. purchased by Minsheng Securities Co., Ltd. (the Company's second-tier subsidiary) and its cost of investment, and the net identifiable assets of the Company on the trade date, which is presented as goodwill;
- *3 Refers to the difference between the equity in China Oceanwide Holdings Limited purchased by *International Holdings Co., Ltd.*, which is a subsidiary of *China Oceanwide Group Limited* (the Company's second-tier subsidiary) and its cost of investment, and the net identifiable assets of the Company on the trade date, which is presented as goodwill;
- *4 Refers to the difference between the equity in Jinduobao Company purchased by China Oceanwide Investment Co., Ltd. (the Company's second-tier subsidiary) and its cost of investment, and the net identifiable assets of the Company on the trade date, which is presented as goodwill.
- *5 Refers to the difference between the equity in Asia-Pacific Property & Casualty Insurance Co., Ltd. purchased by the Wuhan Company (the Company's second-tier subsidiary) and its cost of investment, and the net identifiable assets of the Company on the trade date, which is presented as goodwill.
- *6 refers to the difference between the equity of PT.Banyuasin purchased by China Oceanwide Power Investment IV Limited, which is a subsidiary of China Oceanwide Group Limited (the Company's second-tier subsidiary) and its cost of investment, and the net identifiable assets of the Company on the trade date, which is presented as goodwill.
- *7 Refers to the debit balance of equity investment arising from the transfer of 35% of the equity in Xinhua Real Estate Co., Ltd. by the Company in 2006, and in accordance with the Accounting Standards for Business Enterprises No. 38 - Initial Implementation of Accounting Standards for Business Enterprises, this balance shall be presented in the form of goodwill in the Consolidated Balance Sheet. The aforesaid goodwill will be used as an asset group together with the corresponding inventory of the Company's development projects, and as the development projects are completed successively, the economic benefits contained in the goodwill have been gradually achieved; consequently, when the development of the land from the relevant asset group is completed and sold, the corresponding provision for impairment shall be accrued as per the expected recoverable cash of the relevant asset group.

(27) Long-term Deferred Expenses

Item	Beginning of Year Balance	End of Period Balance
1. Decoration costs and improvement expenditure for fixed assets	10,137,942.27	17,020,077.6
2. Initial expenses	12,178,624.62	13,595,454.38
3. Costs for network cabling	39,426.88	70,277.59
4. Others	206,529.31	1,169,383.95
Total	22,562,523.08	31,855,193.51

(28) Deferred Tax Assets and Deferred Tax Liabilities

1. Deferred tax assets and deferred tax liabilities are not represented by the offset net amount.

Item	End of Period Balance		Beginning of Year Balance	
	Deferred Tax Assets/ Liabilities	Deductible/ Taxable Temporary Difference	Deferred Tax Assets/ Liabilities	Deductible/ Taxable Temporary Difference

Item	End of Period Balance		Beginning of Year Balance	
	Deferred Tax Assets/ Liabilities	Deductible/ Taxable Temporary Difference	Deferred Tax Assets/ Liabilities	Deductible/ Taxable Temporary Difference
Deferred tax assets:				
1. Bad debt reserves	4,639,435.41	19,581,653.5	2,218,406.98	8,873,627.91
2. Changes in fair value	190,062.79	760,251.14	1,054,925.98	4,219,703.91
3. Pre-tax offset losses	327,512,171.13	1,310,048,684.5	222,738,086.45	890,952,345.82
4. Long-term investments depreciation reserve	0.00	0.00	117,269.52	469,078.07
6. Fixed assets depreciation reserves	76,421,408.25	3,056,856.33	764,214.08	3,056,856.33
7. Temporary differences arising from drawing expenses in advance, etc.	35,072,674.39	140,290,697.57	37,308,224.56	149,232,898.23
8. Unrealized profits	60,060,785.93	240,243,143.72	53,321,055.51	213,284,222.04
9. Available-for-sale financial assets depreciation reserve	12,918.68	51,674.7	12,918.68	51,674.7
10. Temporary differences arising from drawing the Land appreciation tax in advance, etc.	57,556,242.77	230,224,971.08	21,673,186.74	86,692,746.98
11. Issuance of loans and provision for impairment of withdrawing advances	76,639.95	306,559.8	68,628.26	274,513.06
12. Employee payroll payable	6,560,073.63	26,240,294.51	4,964,009.87	19,856,039.5
13. Others	13,949,931.53	56,280,690.03	0.00	0.00
Sub-total	506,395,150.29	2,027,085,476.89	344,240,926.64	1,376,963,706.55
Deferred income tax liability:				
1. Changes in fair value	451,071,008.51	1,803,597,408.7	331,879,346.91	1,327,517,387.64
2. Value added from asset assessment	805,692.25	3,222,769.01	322,936,207.84	1,291,744,831.36
3. Accelerated depreciation of fixed assets	200,754.3	803,017.19	0.00	0.00
Sub-total	452,077,455.06	1,807,623,194.89	654,815,554.75	2,619,262,219.

(29) Other Non-current Assets

Item	End of Period Balance	Beginning of Year Balance
Land appreciation tax arising from prepayment of land capital injection *1	23,613,974.29	27,934,644.29
Prepayment of investment funds	0.00	76,998,900.

Item	End of Period Balance	Beginning of Year Balance
Trust assurance fund	14,130,838.13	0.00
Cash deposit of long-term loans	868,085.2	0.00
Cash pledge of Medan Project, Indonesia	42,133,251.5	0.00
Loan interest receivable of affiliated companies (Shanghai Electric Power Company, GSG)	12,256,005.34	0.00
Cash pledge of New York Project, USA	5,520,654.83	0.00
Advance payment of Shanghai Electric Power Company (SEPC)	14,550,450.39	0.00
Refundable capital deposits* ²	62,808,997.56	0.00
Investment of accounts receivable	75,458,922.	0.00
Price of transfer of prepaid equity	0.00	4,712,332.68
Trust financial products	307,995.6	446,593.62
Trust beneficiary rights (CITIC financing)	0.00	418,780,410.38
Buy-back of premium (CITIC financing)	0.00	330,519,951.33
Others	149.	140.4
Total	251,649,323.84	859,392,972.71

*1 In 2011, the Wuhan Company, a subsidiary, increased the capital in City Square and the Wuhan Center based on the land-use rights, and as of December 31, 2015, the Land appreciation tax arising from this transaction had been up to USD 51,983,666.77, with the carry-over of sold projects of USD 28,369,690.31.

*2 In accordance with the relevant provisions of the *Insurance Law of the People's Republic of China*, Asia-Pacific Property & Casualty Insurance Co., Ltd., a holding subsidiary of the Company, shall withdraw the cash deposit at not less than 20% of the registered capital and deposit it in a bank in the form of a fixed term deposit, which may not be appropriated unless used to pay for liabilities during liquidation.

(30) Short-term Borrowings

1. Classification of Short-term Borrowings

Conditions for Borrowing	End of Period Balance	Beginning of Period Balance
Credit borrowing	66,561,107.6	0.00
Guaranteed borrowings	209,138,003.8	145,930,866.67
Mortgage borrowings	0.00	469,693,290.
Pledge borrowings	303,386,091.65	789,857,701.78
Mortgage and pledge borrowings	0.00	292,595,820.
Pledge and guaranteed borrowings	427,854,362.09	115,498,350.

Mortgage and secured borrowings	36,959,472.	3,079,956.
Mortgage, pledge and secured borrowings	18,780,581.33	0.00
Total	1,062,679,618.48	1,351,659,627.35

(31) Short-time Financing Payable

Type	Issuing Date	Maturity Date	Nominal Interest Rate	Book Balance at the Beginning of Term	Increase in Current Period	Decrease in Current Period	End of Period Book Balance
Usufruct rights certificate	From January 12, 2015 to December 18, 2015	From March 30, 2015 to April 7, 2016	4.5% to 6.70%	0.00	329,883,164.56	184,083,819.2	145,799,345.36
Total				0.00	329,883,164.56	184,083,819.2	145,799,345.36

(32) Financial Liabilities at Fair Value through Profit or Loss

Item	Period End Fair Values	Fair Value at Beginning of the Year
Tradable bonds issued	0.00	0.00
Designated as financial liabilities at fair value through profit or loss	0.00	0.00
Other financial liabilities	27,438,358.74	6,513,554.94
Total	27,438,358.74	6,513,554.94

(33) Financial Derivative Liabilities

Item	End of Period Balance	Beginning of Year Balance
Swap of stock returns	12,752,276.07	0.00
Interest rate derivatives	0.00	12,162.99
Total	12,752,276.07	12,162.99

(34) Notes payable

Item	End of Period Balance	Beginning of Year Balance
Bank acceptance	12,319,824.	12,319,824.
Trade acceptance	0.00	0.00
Total	12,319,824.	12,319,824.

(35) Accounts Payable

1. Listed as per aging of account

Item	End of Period Balance	Beginning of Year Balance
Up to 1 year (inclusive)	860,649,906.95	375,076,200.23

1-2 years (inclusive)	64,504,976.5	21,377,757.87
2-3 years (inclusive)	5,948,773.85	957,174.59
Over 3 years	6,450,033.17	3,184,531.64
Total	937,553,690.47	400,595,664.34

(36) Advances from customers

1. Listed as per aging of account

Item	End of Period Balance	Beginning of Year Balance
Up to 1 year (inclusive)	726,735,851.63	290,918,079.69
Over 1 year	145,725,711.26	49,136,447.4
Total	872,461,562.89	340,054,527.08

2. Significant advances from customers aged over one year

Name of Creditor	Amount Owed	Reason for Not Being Carried Forward
Wuhan CBD – Parcel 13 Office Building	60,182,340.24	Failure to comply with the revenue recognition conditions
Wuhan CBD – Parcel 17 Office Building	27,132,872.38	Not yet completed
Wuhan CBD - residential project on parcel No. 23-2	30,740,316.71	Failure to comply with the revenue recognition conditions
Total	118,055,529.33	

(37) Financial Assets Sold for Repurchase

Item	End of Period Balance	Beginning of Year Balance
Bonds	410,253,958.26	140,511,378.2
Others	0.00	64,112,316.78
Total	410,253,958.26	204,623,694.98

(38) Funds for agency trading of securities

Item	End of Period Balance	Beginning of Year Balance
Acting trading securities funds of general brokerage business	1,862,233,586.03	1,151,750,917.2
Acting trading securities funds of credit brokerage business	0.00	58,043,300.63
Total	1,862,233,586.03	1,209,794,217.83

(39) Currency Deposits Payable

Item	End of Period Balance	Beginning of Year Balance
Currency deposits payable	31,148,679.47	48,386,428.04
Total	31,148,679.47	48,386,428.04

(40) Employee benefits payable

1. Categorizing Employee benefits payable

Item	Period Opening Balance	Increase In Current Period	Decrease in Current Period	End of Period Balance
I. Short-term remuneration	56,115,083.73	338,658,618.37	264,224,842.17	130,548,859.93
II. Welfare after demission –defined contribution plans	149,525.55	18,399,104.27	18,202,063.6	346,566.22
III. Dismissal welfare	0.00	98,384.	96,844.02	1,539.98
IV. Other welfare maturing within one year	2,927,022.16	5,019,678.76	1,093,779.04	6,852,921.88
Total	59,191,631.45	362,175,785.41	283,617,528.84	137,749,888.01

2. List of short-term remuneration

Item	Beginning of Year Balance	Increase in Current Period	Decrease in Current Period	End of Period Balance
I. Wages, bonuses, allowances and subsidies	43,626,992.65	291,550,317.86	225,411,465.95	109,765,844.57
II. Expenses for employees' welfare	15,997.53	3,329,334.81	3,320,278.25	25,054.1
Including: Non-monetary benefits	0.00	0.00	0.00	0.00
III. Social insurance costs	138,329.74	9,758,856.02	9,664,302.89	232,882.86
Including: 1. Medical insurance costs	136,682.36	8,521,114.08	8,447,911.42	209,885.02
2. Occupational injury insurance costs	-8,481.79	505,691.03	489,530.39	7,678.86
3. Maternity insurance costs	10,129.16	732,050.91	726,861.08	15,318.98
4. Annuity payments	0.00	0.00	0.00	0.00
IV. Housing provident fund	-232,659.44	10,233,582.81	10,130,006.99	-129,083.62
V. Labor union expenditure and employee education costs	12,566,423.25	8,587,743.63	3,576,938.58	17,577,228.3
VI. Profit sharing plan	.	15,198,783.24	12,121,849.51	3,076,933.73
Total	56,115,083.73	338,658,618.37	264,224,842.17	130,548,859.93

3. List of defined contribution plans:

Item	Beginning of Year Balance	Increase in Current Period	Decrease in Current Period	End of Period Balance
------	---------------------------	----------------------------	----------------------------	-----------------------

1. Basic pension insurance	141,227.76	17,348,195.96	17,161,785.7	327,638.03
2. Unemployment insurance	8,297.79	1,050,908.31	1,040,277.9	18,928.19
3. Enterprise pension payments	0.00	0.00	0.00	0.00
Total	149,525.55	18,399,104.27	18,202,063.6	346,566.22

(41) Taxes and Surcharges Payable

Tax Category	End of Period Balance	Beginning of Year Balance
1. Business tax	11,877,330.79	26,037,625.52
2. Urban maintenance and construction tax	938,209.73	1,893,032.78
3. Corporate income tax	66,891,825.41	93,194,728.56
4. Building tax	6,083,427.59	559,768.44
5. VAT	1,061,186.18	503,857.64
6. Land appreciation tax	156,311,837.52	133,062,083.01
7. Land use tax	111,331.88	68,611.5
8. Deed tax	0.00	0.00
9. Stamp duty	297,981.64	159,138.03
10. Vehicle and vessel use tax	2,788,538.04	0.00
11. Personal income tax withheld	7,359,982.47	2,344,281.76
12. Business taxes and extra charges withheld	6,555.74	201,177.96
13. Enterprise income tax withheld	-272.4	-272.4
14. Consumption tax	0.00	0.00
15. Interest tax	0.00	2,250.52
16. Others	4,044,621.16	26,285.45
Subtotal of taxes payable	257,772,555.74	258,052,568.78
1. Educational surcharge	419,483.41	882,482.1
2. Local educational surcharge	238,736.18	49,829,393.85
3. Maintenance funds for river channels	119.44	1,806.75
4. Costs for embankment protection	-380,850.	301,173.51
5. Costs for expansion of hotel-industry-based city	0.00	0.00

China Oceanwide Holdings Group Co., Ltd.
Notes to Financial Statements
Jan 1, 2015 to Dec 31, 2015

Tax Category	End of Period Balance	Beginning of Year Balance
6. Costs for construction of cultural undertakings	64,052.82	120,080.93
7. Non-staple food price regulation funds	347.67	616.43
8. Others	1,000,445.08	995.63
Subtotal of additional charges	1,342,334.59	1,805,449.3
Total	259,114,890.34	259,858,018.08

(42) Interest Payable

Item	End of Period Balance	Beginning of Period Balance
Client's capital	175,278.53	106,544.36
Bank loan interest	1,828,395,116.65	7,133,753.47
Trust interest	17,232,068.11	10,038,203.55
Borrowed funds	0.00	71,260,257.45
Including: Refinancing capital	0.00	711,190.93
Interest on bonds payable	60,068,734.46	1,210,095,083.07
Wherein: Subordinated bonds	13,062,135.59	942,719.68
Non-subordinated bonds	47,006,598.87	11,158,231.15
Funds from sale of securities for repurchase	265,664.71	711,192.29
Interest on short-time financing funds payable	45,287,234.5	0.00
Others*	4,507,169.81	1,969,694.67
Total	145,820,101.29	32,772,941.75

*Others principally includes the interest payable arising from No. 12 directional asset management plan of the transfer of the rights of bond yields of held-to-maturity investments from Minsheng Securities Investment Co., Ltd. to Minsheng Securities Co., Ltd.

(43) Dividends Payable

Company Name	End of Period Balance	Beginning of Year Balance	Reason for Having Failed to Pay Dividends for More than One Year
Henan Huayuan Group Co., Ltd.	63,130.4	6,313,040.48	
Others*	1,112,616.11	643,568.95	
Total	1,175,746.51	706,699.36	

(44) Other Accounts Payable

Item	End of Period Balance		Beginning of Year Balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Up to 1 year (inclusive)	603,423,774.67	71.92	135,944,278.59	39.07
1–2 years (inclusive)	51,764,096.91	6.17	115,050,098.53	33.07
2–3 years (inclusive)	86,874,060.	10.35	58,297,075.24	16.75
Over 3 years	96,953,125.71	11.56	38,656,050.47	11.11
Total	839,015,057.31	100.00	347,947,502.84	100.00

1. Explanation of other major payables aging more than one year

Name	Amount	Nature or Content of Other Accounts Payable
Legal person A	154,089,908.19	Current account
Legal person B	69,302,349.36	Accrued tax
Legal person C	15,663,459.59	Receivables and payables between affiliated companies
Legal person D	15,636,087.09	Current account
Legal person E	15,399,780.	Current account
Total	270,091,584.23	–

(45) Non-Current Liabilities Due within One Year

Category	End of Period Balance	Beginning of Year Balance
Long-term loans due within one year	3,449,506,774.53	3,153,285,132.43
Bonds payable due within one year	0.00	0.00
Long-term accounts payable due within one year	7,974,844.55	0.00
Other long-term liabilities due within one year	0.00	0.00
Total	3,457,481,619.08	3,153,285,132.43

(46) Other Current Liabilities

Item	End of Period Balance	Beginning of Year Balance
Borrowed funds	92,398,680.	48,663,304.8
Costs for clearing of securities payable	0.00	70,708.32
Margin received	120,380.99	0.00
Accrued expenses	2,021,238.1	0.00

China Oceanwide Holdings Group Co., Ltd.
Notes to Financial Statements
Jan 1, 2015 to Dec 31, 2015

Rescue fund for compulsory insurance against traffic accidents of motor vehicles	5,512,101.87	0.00
Insurance security fund payable	397,162.95	0.00
Co-insurance accounts payable	1,663,770.81	0.00
Others	4,806.28	27,891.13
Total	102,118,141.01	48,761,904.24

(47) Long-term Borrowings

Conditions for Borrowing	End of Period Balance	Beginning Of Year Balance
Guaranteed borrowings	205,788,462.6	183,259,691.97
Mortgage borrowings	2,657,840,330.31	2,643,988,228.2
Pledge borrowings	2,958,135,901.71	1,511,962,662.01
Mortgage and pledge borrowings	0.00	71,608,977.
Pledge and guaranteed borrowings	1,081,084,889.49	384,994,500.
Mortgage and secured borrowings	1,379,050,299.	951,699,476.22
Mortgage, pledge and secured borrowings	673,312,769.77	0.00
Total	8,955,212,652.88	5,747,513,535.4

(48) Bonds Payable

Item	End of Period Balance	Beginning of Year Balance
Enterprise bonds of China Oceanwide 01	153,997,800.	153,997,800.
Enterprise bonds of China Oceanwide 02	277,196,040.	277,196,040.
Privately raised bonds of China Oceanwide	919,429,332.45	0.00
Public placement bonds of China Oceanwide 01	457,111,022.2	0.00
Public placement bonds of China Oceanwide 02	152,359,286.34	0.00
Public placement bonds of China Oceanwide 03	765,436,731.69	0.00
14 Minsheng 01	0.00	63,924,064.88
14 Minsheng 02	64,679,076.	6,467,907,600.
15 Minsheng 01	161,505,298.21	0.00
15 Minsheng 02	92,398,680.	0.00

Item	End of Period Balance	Beginning of Year Balance
15 Minsheng 03	230,996,700.	0.00
Subordinated bonds of Asia-Pacific Property & Casualty Insurance Co., Ltd.	38,499,450.	0.00
15 Oceanwide 01 corporate bonds	614,024,223.69	0.00
15 Oceanwide MTN001 medium-term notes	492,005,735.48	0.00
15 China Oceanwide Holdings Co., Ltd. 01 small-scale public raised bonds	230,192,446.14	0.00
US Dollar bonds 14	311,774,770.79	292,225,001.43
US Dollar bonds 15	394,467,676.75	0.00
Total	5,356,074,269.76	852,021,982.31

(49) Long-term Accounts Payable

Item	End of Period Balance	Beginning of Year Balance
Business liners financial leasing	13,457,745.26	40,062,148.75

(50) Deferred Income

Item	Beginning of Year Balance	Increase in Current Period	Decrease in Current Period	End of Period Balance	Cause of Refunding in the Current Period
Special funds for intelligent fire protection engineering and technology research center of Nanshan District	138,598.02	0.00	71,443.19	67,154.83	Amortized based on service life of the assets
Special funds for strategic development of emerging industries in Shenzhen	0.00	538,992.3	323,878.22	215,114.08	Amortized based on service life of the assets
Special funds for cooperation between Shenzhen Municipal Commission of Scientific and Technological Innovation and Guangdong Province Industry-University-Research Institute in 2013	0.00	76,998.9	0.00	76,998.9	The project has not yet been inspected and accepted
Total	138,598.02	615,991.2	395,321.41	359,267.81	

Situation of government grant items

Item	Beginning of Year Balance	Added Amount of Subsidy this Period	Amount Integrated into Non-operating Income this Period	Other Changes	End of Period Balance	Cause of Refunding in the Current Period
Special funds for intelligent fire protection engineering and technology research center of Nanshan District*	69,299.01		2,144.18		67,154.83	Related to assets

Item	Beginning of Year Balance	Added Amount of Subsidy this Period	Amount Integrated into Non-operating Income this Period	Other Changes	End of Period Balance	Cause of Refunding in the Current Period
Special funds for intelligent fire protection engineering and technology research center of Nanshan District*	69,299.01		69,299.01			Related to income
Special funds for strategic development of emerging industries in Shenzhen		538,992.3	323,878.22		215,114.08	Related to assets
Special funds for cooperation between Shenzhen Municipal Commission of Scientific and Technological Innovation and Guangdong Province Industry – University-Research Institute in 2013		76,998.9			76,998.9	Related to income
Total	138,598.02	615,991.2	395,321.41		359,267.81	

(51) Share Capital(Paid-in Capital)

Investor	Beginning of Year		Increase in Current Period	Decrease in Current Period	End of Period Balance	
	Investment Amount	Proportion %			Investment Amount	Proportion %
Oceanwide Group Co., Ltd.	1,170,383,280.	97.43%			1,170,383,280.	97.43%
Tonghai Holdings Co., Ltd.	30,799,560.	2.57%			30,799,560.	2.57%
Total	1,201,182,840.	100.00%			1,201,182,840.	100.00%

(52) Capital Reserve

Item	Beginning of Year Balance	Increase in Current Period	Decrease in Current Period	End of Period Balance
I. Capital premium	128,353,646.18	0.00	52,263,846.74	76,089,799.44
II. Other capital reserves	382,740,383.89	0.00	177,200,301.77	205,540,082.12
Total	511,094,030.07	0.00	229,464,148.51	281,629,881.56

(53) Other Comprehensive Income

Item	Period Opening Balance	Amount Incurred in Current Period	End of Period Balance
I. Other comprehensive income not to be reclassified into profit or loss in subsequent periods	0.00	0.00	0.00
II. Other comprehensive income to be reclassified into profit or loss in subsequent periods	712,418,921.57	-628,114,371.04	84,304,550.53

Including: in the future, the invested unit will be reclassified as other comprehensive income in the gains and losses under the equity method.	-66,602,940.35	42,872,976.51	-23,729,963.84
Gains and losses from changes in fair value of available-for-sale financial assets	743,948,198.2	-681,087,680.41	6,286,051,778.62
Translation reserve for foreign currency financial statements	-5,398,506.99	10,100,332.87	4,701,825.87
Profit and loss from change in fair value of investment property	40,472,170.71	0.00	40,472,170.71
Total	712,418,921.57	-628,114,371.04	84,304,550.53

(54) Surplus Reserve

Item	Beginning of Year Balance	Increase in Current Period	Decrease in Current Period	End of Period Balance
Statutory surplus reserve	77,741,958.73	111,806,539.76	0.00	189,548,498.49
Discretionary surplus reserve	999,774.78	0.00	0.00	999,774.78
Total	78,741,733.51	111,806,539.76	0.00	190,548,273.28

(55) Undistributed Profit

Item	End of Period Balance	
	Amount	Withdrawal or Distribution Ratio
Undistributed profit from the previous year before adjustment	1,403,811,681.16	
Total undistributed profit at the beginning of the year of adjustment (increased adjustment +, decreased adjustment -)	-27,243,911.75	
Undistributed profit at the beginning of the year following adjustments	1,376,567,769.41	
Add: Net profits attributable to owners of the parent company in the current period	1,262,754,149.79	—
Less: Statutory surplus reserve drawings	-11,180,653,976.3	
Discretionary surplus reserve drawings	0.00	
General risk provision drawings	0.00	
Common stock dividends payable	-46,199,340.	
Common stock dividends transferred to capital	0.00	
Others	0.00	
Undistributed profit at end of period	2,481,316,039.43	

(56) Operating revenue and cost of operations

1. Presented based on the breakdown

Item	Amount Incurred in Current Period	Amount Incurred in Previous Period
------	-----------------------------------	------------------------------------

	Revenue	Cost of operations	Revenue	Cost of operations
I. Subtotal of main operating activities	2,162,852,703.91	790,484,590.26	1,365,476,980.92	470,884,937.64
II. Subtotal of other activities	8,182,677.53	3,819,868.99	5,198,164.81	1,754,874.72
Total	2,171,035,381.44	794,304,459.25	1,370,675,145.72	472,639,812.35

2. Operating revenue Classified by industries

Name of industry	Amount Incurred Current Period		Amount Incurred in Previous Period	
	Revenue	Cost of operations	Revenue	Cost of operations
Real estate	1,335,521,616.26	689,661,065.82	853,476,203.22	350,501,479.23
Financial and insurance industries	598,256,372.49	27,168,039.55	271,930,976.41	810,801.89
Leasing industry	126,814,264.95	11,309,148.79	81,166,976.05	2,544,685.76
Business	64,589,492.29	37,183,530.67	114,354,366.03	82,866,730.31
Hotel service industry	8,166,709.22	2,597,335.32	9,484,456.74	3,100,378.8
Property management	14,399,741.06	14,373,156.54	19,694,455.91	22,902,151.97
Advertising industry	15,104,507.65	8,192,313.58	15,369,546.56	8,158,709.66
Others	8,182,677.53	3,819,868.99	5,198,164.81	1,754,874.72
Total	2,171,035,381.44	794,304,459.25	1,370,675,145.72	472,639,812.35

(57) Business Tax and Surcharges

Item	Standard for Calculation and Payment	Amount Incurred in Current Period	Amount Incurred in Previous Period
Business tax	5%	114,683,175.88	68,244,461.17
Educational surcharge	3%	3,440,495.28	2,450,714.14
Urban maintenance and construction tax	7%	8,027,822.31	5,158,491.06
Land value increment tax	1%	130,774,461.89	123,873,664.9
Local educational surcharge	2%	2,293,663.52	1,239,712.32
Others		2,285,018.68	1,624,057.39
Total		261,504,637.56	202,591,100.99

(58) Selling expenses

Item	Amount Incurred in Current Period	Amount Incurred in Previous Period
1. Human resources costs	31,313,035.95	15,879,867.93

2. Power costs	2,121,082.49	2,808,060.35
3. Incidental costs	4,912,281.14	4,516,488.32
4. Costs for marketing promotions	33,606,478.91	22,600,742.69
5. Rental costs	5,147,659.13	736,883.97
6. Costs for assets amortization	2,343,856.52	3,024,062.75
7. Costs for consulting services	6,199,972.06	0.00
8. Property insurance costs	462,521.13	0.00
9. Taxes	443.67	0.00
10. Other expenses	4,751,123.97	3,974,297.62
Total	90,858,454.97	53,540,403.62

(59) Administrative Expenses

Item	Amount Incurred in Current Period	Amount Incurred in Previous Period
1. Human resources costs	258,025,196.02	169,886,524.78
2. Incidental costs	60,325,940.01	30,825,839.2
3. Costs for consulting services	39,206,943.2	19,195,552.11
4. Costs for three general meetings, board of directors and board of supervisors	109,049.54	602,302.
5. Rental costs	13,718,035.97	11,543,267.31
6. Taxes	8,694,139.55	11,471,923.66
7. Costs for assets amortization	27,116,918.85	25,910,485.13
8. Property insurance costs	514,307.11	403,070.01
9. Inventory losses (profit)	0.00	12,703.5
10. Costs for marketing promotions	224,829.18	0.00
11. Administrative expenses and taxes from insurance services	7,985,552.58	0.00
12. Drawing of insurance guarantee fr	247,532.71	0.00
13. Relief funds for mandatory traffic liability insurance	173,459.79	0.00
14. Investor protection funds	8,203,629.29	0.00
15. Other expenses	11,166,285.31	15,780,082.26
Total	435,711,819.1	28,563,174,997.58

(60) Finance cost

China Oceanwide Holdings Group Co., Ltd.
Notes to Financial Statements
Jan 1, 2015 to Dec 31, 2015

Item	Amount Incurred in Current Period	Amount Incurred in Previous Period
1. Net interest expenses	757,155,184.1	535,387,367.93
Including: Interest expenses	770,361,160.2	539,643,565.61
2. Handling charges for remittance	283,416.4	3,142,886.97
3. Handling charges for settlement	943,033.8	2,652,439.92
4. Financial consultant fees	15,508,209.26	14,661,789.85
5. Loan handling charges	0.00	0.00
6. Exchange gain or loss and others	-3,564,970.35	3,006,166.35
Total	770,324,873.21	558,850,651.01

(61) Impairment Losses

Item	Amount Incurred in Current Period	Amount Incurred in Previous Period
I. Provision for bad-debts	-3,576,476.09	15,967,050.25
II. Provision for depreciation of inventories	239,278.42	368,005.66
III. Losses on available-for-sale financial asset impairment	146,522.7	2,932,118.11
IV. Losses on held-to-maturity investment impairment	0.00	0.00
V. Losses on long-term equity investment impairment	0.00	0.00
VI. Losses on investment real estate impairment	0.00	0.00
VII. Impairment losses of fixed assets	0.00	0.00
VIII. Losses on construction material impairment	0.00	0.00
IX. Losses on impairment of construction in progress	0.00	0.00
X. Losses on capitalized biological assets impairment	0.00	0.00
XI. Losses on oil and gas assets impairment	0.00	0.00
XII. Losses on intangible assets impairment	0.00	0.00
XI. Losses on goodwill impairment	0.00	0.00
XIV. Other impairment losses	1,898,031.19	274,513.06
Total	-1,292,643.77	19,541,687.07

(62) Gains/(losses) on changes in fair values

Source of Gains from Changes in Fair Value	Amount Incurred in Current Period	Amount Incurred in Previous Period
--	-----------------------------------	------------------------------------

Source of Gains from Changes in Fair Value	Amount Incurred in Current Period	Amount Incurred in Previous Period
Gains or losses of financial assets from change in fair value	54,405,881.6	-359,750.27
Including: Gains from changes in fair value caused by derivative financial instruments	0.00	0.00
Financial liabilities calculated by fair value and whose changes are calculated into the current profit and loss	0.00	0.00
Including: gains from changes in fair value caused by derivative financial instruments	0.00	0.00
Investment properties measured at fair value	10,887,662.19	123,351,543.94
Others	0.00	0.00
Total	65,293,543.79	122,991,793.67

(63) Investment Income

1. Detail statement of investment income

Item	Amount Incurred in Current Period	Amount Incurred in Previous Period
Long-term equity investment income under cost method		
Long-term equity investment income calculated under the equity method	32,542,206.09	72,584,146.07
Investment income resulting from disposal of long-term equity investment	1,285,504,362.19	46,557,884.4
Investment income obtained from financial assets held in a period during which the value is measured at the fair market value and the variation thereof is accounted into gains/losses of the current period	66,900,070.24	59,927,600.98
Investment income obtained during the period of holding held-to-maturity investments	0.00	5,694,341.39
Investment income obtained during the period of holding available-for-sale financial assets	52,851,155.74	46,091,206.92
Investment income from the disposal of financial assets measured by fair value and with the changes recorded in the current period profits and losses	70,606,163.57	104,356,645.52
Investment income generated from disposal of held-to-maturity investments	0.00	0.00
Investment income from disposal of available-for-sale financial assets	47,021,926.46	5,693,791.99
Others	18,122,867.5	1,824,766.34
Total	1,573,548,751.79	337,092,985.62

2. Income from long-term equity investment (calculated according to the equity method)

Invested Company	Amount Incurred in Current Period	Amount Incurred in Previous Period	Remarks
1. Legend Holdings Co., Ltd.	33,300,696.45	74,316,237.29	

2. Sanya Jinsehaitan Real Estate Co., Ltd.	20,464.27	904.8	.
3. Qinling Tourist Bus Operations Co., Ltd. of Lintong District, Xi'an	161,378.61	129,733.03	
4. Oceanwide Hotel Investment Management Co., Ltd.	-940,333.24	-1,862,729.05	
Total	32,542,206.09	72,584,146.07	

(64) Non-operating Revenues

Item	Amount Incurred in Current Period	Amount Incurred in Previous Period
1. Revenue from disposal of waste products	3,488.88	19,444.89
2. Liquidated damages, indemnity and penalties	51,872.2	84,393.57
3. Revenue from disposal of non-current assets	48,398.28	71,490.14
4. Revenue from donations	0.00	0.00
5. Tax returns and government subsidies	5,678,573.72	4,770,086.38
6. Payables unable to be paid	0.00	34,466.8
7. Others	3,232,238.54	1,052,950.23
Total	9,014,571.62	6,032,832.01

(65) Non-operating Expenses

Item	Amount Incurred in Current Period	Amount Incurred in Previous Period
1. Net losses from disposal of non-current assets	2,690,313.03	350,135.19
2. Expenditure from liquidated damages, indemnity, penalties and overdue fines	226,301.37	74,314.32
3. Expenditure from sponsorship and donations	396,082.34	24,312,765.49
4. Decrease in value of asset assessment	0.00	0.00
5. Others	207,838.63	94,217.98
Total	3,520,535.38	24,831,432.98

(66) Income Tax Expenses

Item	Amount Incurred in Currentt asses	Amount Incurred in Previous Period
Current income tax calculated according to the tax law and relevant regulations	196,240,214.35	121,989,997.52
Deferred income tax adjustment	-137,492,364.54	-43,088,884.35
Total	58,747,849.81	78,901,113.16

(67) Consolidated Cash Flow Statement

1. Supplementary information relating to cash flow statement

Item	Amount Incurred in Current Period	Amount Incurred in Previous Period
1. Cash flow on converting net profit for operating activities:		
Net profit	1,405,608,795.21	140,270,562.93
Add: Provisions for impairment loss on assets	-1,439,100.83	19,518,292.81
Fixed assets depreciation, oil and gas assets depletion, capitalized biological assets depreciation	24,403,723.58	24,780,889.59
Amortization of intangible assets	2,964,480.19	1,806,106.7
Amortization of long-term deferred expenses	6,638,328.31	2,529,931.28
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are represented with "-")	389,842.49	127,144.34
Losses from fixed asset retirement (gains are represented with "-")	64,734.67	15,147,027.11
Losses from changes in fair value gains are represented with "-")	-537,192,843.02	-42,110,369.1
Financial expenses (gains are represented with "-")	838,246,294.18	555,893,745.77
Investment losses (gains are represented with "-")	-1,560,300,466.66	-298,589,189.39
Decrease in deferred income tax assets (gains are represented with "-")	-162,148,444.94	-73,726,279.32
Increase in deferred income tax assets (decrease is represented with "-")	18,903,786.81	46,965,274.87
Decrease of inventories (increase is represented with "-")	-1,755,381,333.67	-1,055,027,979.12
Decrease in operating items receivable (increase is represented with "-")	-3,342,913,005.33	-1,444,416,733.44
Increase in operating items payable (decrease is represented with "-")	4,453,776,940.63	1,834,195,165.96
Others	-3,206,589.63	830,039.34
Net cash flow from operating activities	-611,584,858.03	-286,801,926.52
2. Major investment and financing activities which do not involve receipt and disbursement of cash:		
Conversion of debt into capital	0.00	0.00
Convertible corporate bonds due within one year	0.00	0.00
Fixed assets acquired under finance leases	0.00	0.00
3. Net change in cash and cash equivalents:		
Cash balance at the end of the period	6,202,374,207.71	2,756,213,402.6
Less: Balance of cash at the beginning of the year	2,756,213,402.6	1,578,781,520.35
Add: Balance of cash equivalents at the end of the period	0.00	0.00
Less: Balance of cash equivalents at the beginning of the year	0.00	0.00
Net increase in cash and cash equivalents	3,446,160,805.11	1,177,431,882.25

2. Cash and Cash Equivalents

Item	End of Period Balance	Beginning of Year Balance
I. Cash	6,202,374,207.71	2,756,213,402.6
Including: Cash on hand	156,971.32	221,486.62
Bank deposits available for payments	5,722,795,789.84	2,363,189,813.45
Other monetary capital available for payment	9,158,918.36	12,451,457.24
Settlement funds available for payment	470,262,528.19	380,350,645.28
II. Cash equivalents		
Including: Bond investments maturing within 3 months		
III. Balance of cash and cash equivalents at end of period	6,202,374,207.71	2,756,213,402.6
Including: Cash and cash equivalents, the use of which by the parent company or any member of the group is limited		

VII. Other Comprehensive Income

Other comprehensive income items and their impact on income tax and transfer into profit or loss

Item	Amount Incurred in Current Period	Amount Incurred in Previous period
1. Other comprehensive income not to be reclassified into profit or loss in subsequent periods	0.00	0.00
1. Re-measured changes in net liabilities or net assets in defined benefit plan	0.00	0.00
2. Share in other comprehensive income of the investee which cannot be reclassified into profit or loss under the equity method	0.00	0.00
II. Other comprehensive income to be reclassified into profit or loss in subsequent periods	-628,114,371.04	501,613,196.24
1. Share in other comprehensive income of the investee that is to be reclassified into profit or loss under the equity method in subsequent periods	38,204,438.74	-8,604,138.78
Less: Amount recorded in other comprehensive income in the previous period and converted into profit/loss in the current period	-42,212,371.58	0.00
Sub-total	80,416,810.32	-8,604,138.78
2. Gains and losses from changes in fair values of available-for-sale financial assets	-653,586,560.09	513,832,379.15
Less: Amount recorded in other comprehensive income in the previous period and converted into profit/loss in the current period	28,468,285.3	
Sub-total	-682,054,845.39	513,832,379.15
3. Gains and losses from reclassification of held-to-maturity investments as available-for-sale financial assets	0.00	0.00
Less: Amount recorded in other comprehensive income in the previous period and converted into profit/loss in the current period	0.00	0.00
Sub-total	0.00	0.00
4. Effective portion of cash flow hedge gains/losses	0.00	0.00
Adjustment amount converted to the initial recognition amount of the hedged item	0.00	0.00
Less: Amount recorded in other comprehensive income in the previous period and converted into profit/loss in the current period	0.00	0.00

Item	Amount Incurred in Current Period	Amount Incurred in Previous period
Sub-total	0.00	0.00
5. Translation reserves for foreign currency financial statements	11,067,497.84	-5,243,059.44
Less: Amount recorded in other comprehensive income in the previous period and converted into profit/loss in the current period	0.00	0.00
Sub-total	10,100,332.87	-5,243,059.44
6. Others	-37,543,833.81	1,628,015.31
Other comprehensive income attributable to minority shareholders	3,394,581.81	17,037,475.32
III. Other comprehensive income	-624,719,789.23	518,650,671.56

VIII. Contingency

(I) Guarantees

Pursuant to the practice of real estate operation, the purchaser of commercial residential buildings shall provide the mortgage loan warranty, with the cumulative balances of up to USD .86 billion as of December 31, 2015.

(II) Case involved in lawsuit

1. Case of Zhengzhou Bank Co., Ltd.

On September 16, 2011, Zhengzhou Bank Co., Ltd. (hereinafter referred to as “Zhengzhou Bank”) brought an action against Oceanwide Holdings and its Henan Branch (collectively referred to as the defendant) in the Zhengzhou Intermediate People's Court, including 3 cases, in which Zhengzhou Bank requested that the defendant be ordered to return the bonds with a total amount of USD 2,721,141.13 which were in the custody of the defendant from 1991 to 1995, within ten days; if failing to return the bonds within such time limit, the defendant was to pay the bonds principal of USD 2,721,141.13 and the interest of USD 6,537,653.2 (provisionally calculated as of September 16, 2011; the calculation of lost interest continues for the duration of the action), with the total amount being USD 9,258,794.33. On December 6, 2011, Oceanwide Holdings filed an application objecting to the jurisdiction of the Zhengzhou Intermediate People's Court, and requesting that the case be transferred to the Beijing Second Intermediate People's Court for trial. On December 13, 2011, Zhengzhou Intermediate People's Court rejected such objection to its jurisdiction as made by Oceanwide Holdings and its Henan Branch in accordance with the Written Civil Rulings (ZMCZ [2011] No. 1355, No. 1356 and No. 1357). Oceanwide Holdings refused to accept this ruling, and so on January 16, 2012, it brought an action in the Henan High People's Court to request that the ruling of the Zhengzhou Intermediate People's Court be repealed and that the case be transferred to the jurisdiction of the Beijing Second Intermediate People's Court. On December 22, 2012, Henan High People's Court rejected such objection to the jurisdiction as made by China Oceanwide Holdings through YFMGZ [2012] No. 49, No. 50 and No. 51, respectively. Zhengzhou Intermediate People's Court heard this case on October 22, 2013, and as of the date of this report, no judgment has been made in the case.

2. Case of Nanchang Rural Commercial Bank

On May 26, 2015, Nanchang Rural Commercial Bank Co., Ltd. (hereinafter referred to as “Nanchang Rural Commercial Bank”) sued the Bank of Inner Mongolia Co., Ltd.

(hereinafter referred to as the “Bank of Inner Mongolia”) in the Higher People's Court of Jiangxi Province, naming Oceanwide Holdings and Minsheng Securities Investment Co., Ltd. (“Minsheng Securities Investment”) as the third parties. Minsheng Securities Investment purchased 2013 Huazhu privately raised bonds worth USD 12.32 million, and transferred the right to earnings of the Huazhu privately raised bonds to No.12 oriented asset management plan under Minsheng financial management with Oceanwide Holdings as the Administrator and the Bank of Inner Mongolia as the Client. The Bank of Inner Mongolia then transferred the right to earnings of such oriented asset management plan to Nanchang Rural Commercial Bank. As Huazhu (Quanzhou) Shoe Industry Co., Ltd., the privately raised bond issuer, was unable to honor the bonds on the maturity date, in order to recoup its losses, Nanchang Rural Commercial Bank filed a lawsuit against the Bank of Inner Mongolia, Oceanwide Holdings and Minsheng Securities Investment in the courts. Major demands of Nanchang Rural Commercial Bank: 1. The confirmation that the oriented asset management plan transfer agreement signed by and between Nanchang Rural Commercial Bank and the Bank of Inner Mongolia is invalid; 2. The confirmation that the fact of the “borrower transaction” of the enterprise bonds jointly issued by Nanchang Rural Commercial Bank and Minsheng Securities Investment is legally invalid; 3. The judgment and order for the Bank of Inner Mongolia to return an amount of USD 12.32 million as the principal and USD 2.16 million as the interest (calculated up until May 21, 2015); 4. The judgment and order for Oceanwide Holdings and Minsheng Securities Investment to bear joint liability for the obligation of the Bank of Inner Mongolia to repay the capital with interest and to make compensation. The Case was decided by the Higher People's Court of Jiangxi Province on December 16, 2015. The claims of Nanchang Rural Commercial Bank were rejected. At present, Nanchang Rural Commercial Bank has already appealed to the Supreme People's Court. By the end of the report date, the Case is still pending.

3. Case of Anhui Yihe

In July 2012, Xiamen Tonghai Investment Group Co., Ltd. (“Tonghai Investment”) invested an amount of USD 2.93 million in Anhui Yihe New Energy Tech. Co., Ltd. (“Anhui Yihe”; legal representative: Fang Yongzhong), and thus held 2.8 million shares of Anhui Yihe. Among these shares, 1 million old shares were transferred by Fang Yongzhong and Beijing Yiheyinfeng Science and Technology Co., Ltd. (“Yiheyinfeng”), with the equity transfer price of USD 1.05 million; and 1.8 million shares being newly issued, the total price of which was USD 1.88 million.

In 2014, Anhui Yihe was closed down. On May 15, 2014, Tonghai Investment brought an action before the People's Court of Beijing Haidian District, requiring that Yiheyinfeng returned the transfer price of 1 million stock rights (alien shares of the original old shares) and related interests. This was put on record by the Court. On September 10, 2014, Fang Yongzhong, one of the defendants, objected to the jurisdiction of the People's Court of Beijing Haidian District. The Court decided to reject the jurisdiction objection proposed by Fang Yongzhong. On October 27, 2014, Tonghai Investment applied for property preservation at the People's Court of Beijing Haidian District, and received the civil order regarding the property preservation on January 8, 2015. It was decided to seal up any and all house properties in the name of Fang Yongzhong, but this is still awaited. No final decision or reconciliation has been made in the Case at present. The amount of take-back funds has significant uncertainty.

On March 11, 2015, Tonghai Investment brought an action in the People's Court of Beijing Haidian District, requiring that Fang Yongzhong and Yiheyinfeng transfer 1.8 million shares (increased shares of the original new shares) of Anhui Yihe and held by Tonghai Investment, and to pay the equity price and related interests. This was put on record by the Court. On

December 25, 2015, the People's Court of Beijing Haidian District announced the first instance judgment, reaching the decision that Yiheyinfeng ought to pay an amount of USD 2,154,194.47 to Tonghai Investment as the share transfer price.

Considering that no final decision has been taken in the above case, that Anhui Yihe is closed, the related contributions have significant uncertainty, and for the principle of prudence, Tonghai Investment shall withdraw provisions for impairment losses for such investment amount.

IX. Commitments

By the end of December 31, 2015, Oceanwide Holdings has to pay a total amount of USD 1.66 billion for the unpaid capital project expenditures specified in the signed contract (mainly relating to project construction).

X. Subsequent events after the balance sheet date

Important non-adjusting events

As checked and approved in the *Official Reply about Non-public Issuance of Shares by Oceanwide Holdings Co., Ltd.* (ZJXK [2015] No. 3113) issued by China Securities Regulatory Commission, Oceanwide Holdings Co., Ltd., a subsidiary of the Company, privately issued 638,888,888 shares to nine specific investors (including the Company) in January 2016, with the issue price of USD 1.39/share, and raised a total amount of USD 885,487,348.77. After issue expenses to the amount of USD 8,222,280.23 were deducted, the net amount of the funds raised was USD 877,265,068.54. The Company promises not to reduce any shares held in Oceanwide Holdings or make any reduction plan within six (6) months after the completion of the private issuance.

XI. Relation and their Transactions between Related Parties

(I) Parent Company of the Company

Name of Parent Company	Domicile	Nature of Business	Registered capital (in USD 1,539.98)	Proportion of shareholding to the Company held by the Parent Company (%)	Parent company's voting right proportion in the Company (%)
Oceanwide Group Co., Ltd.	Weifang, Shandong	Investment management, etc.	15,399.78	97.43%	97.43%

(II) Subsidiaries of the Company

Name of Subsidiary	Domicile	Nature of Business	Registered Capital (in USD 1,539.98)	Proportion of Shareholding (%)	Proportion of Votes (%)
Oceanwide Holdings Co., Ltd.	Beijing	Real estate development	70,181.6	73.67%	73.67%
Oceanwide Energy Holdings Co., Ltd.	Beijing	Investment management	30,799.56	80.00%	80.00%
Oceanwide Industry Co., Ltd.	Weifang	Investment management	8,089.2	94.21%	94.21%
Minsheng Holdings Co., Ltd.	Qingdao	Investment management	8,190.7	22.56%	22.56%

China Oceanwide Holdings Group Co., Ltd.
Notes to Financial Statements
Jan 1, 2015 to Dec 31, 2015

Name of Subsidiary	Domicile	Nature of Business	Registered Capital (in USD 1,539.98)	Proportion of Shareholding (%)	Proportion of Votes (%)
Oceanwide Energy Investment (Baotou) Co., Ltd.	Baotou	Energy and new energy investment and development	7,699.89	100.00%	100.00%
Shaanxi Jiuzhou Yinghong Industrial Development Co., Ltd.	Xi'an	Real estate development and hotel management	6,159.91	70.00%	70.00%
Oceanwide Culture & Media Holdings Co., Ltd.	Beijing	Investment management	3,282.28	90.00%	90.00%
Beijing Jingguan Culture & Media Co., Ltd.	Beijing	Advertising business	769.99	100.00%	100.00%
China Oceanwide International Investment Co., Ltd.	Hong Kong	Investment management	USD 199.8 million	100.00%	100.00%
China Minsheng Trust Co., Ltd.	Beijing	Trust business	15,399.78	59.65%	59.65%
Oceanwide International Investment (American) Co., Ltd.	America	Investment management	USD 15.9 million	100.00%	100.00%
Oceanwide Art Museum	Beijing	Exhibition	461.99	100.00%	100.00%

(III) Other related parties of the Company

Names of Other Affiliated Parties	Relationship Between Other Affiliated Parties and the Company
Tonghai Holdings Co., Ltd.	Non-controlling shareholders
Oceanwide Green Energy Investment Co., Ltd.	Shareholders under common ultimate holding
Oceanwide Hotel Investment Management Co. Ltd.	Shareholders under common ultimate holding
Oceanwide Horticultural Technology Engineering Co., Ltd.	Shareholders under common ultimate holding
Changxin Capital Investment Management Co., Ltd.	Shareholders under common ultimate holding
China Minsheng Banking Corp., Ltd.	The related natural person shall hold the post of Deputy Chairman of the Company
Legend Holdings Corporation	The related natural person shall hold the post of Director of the Company

(IV) Information Regarding Related Transactions

1. Transaction between related parties

The transaction price shall be determined based on the market fair value when the Company transacts with the related parties.

2. Related transactions

① Equity transaction: equity transactions to which no related parties are required to be disclosed during the reporting period

② Balance of payables and receivables of the related parties

Name of Related Party	Economic Content	End of Period Balance
Oceanwide Group Co., Ltd.	Accounts payable	516,120,304.08

China Oceanwide Holdings Group Co., Ltd.
Notes to Financial Statements
Jan 1, 2015 to Dec 31, 2015

Oceanwide Group Co., Ltd.	Accounts receivable	296.26
Oceanwide Group Co., Ltd.	Other accounts receivables	864,554,816.12
Oceanwide Hotel Investment Management Co. Ltd.	Accounts payable	1,953,833.54
Oceanwide Hotel Investment Management Co. Ltd.	Other accounts receivables	3,072,256.11
Oceanwide Hotel Investment Management Co. Ltd.	Other accounts payable	15,663,459.59
Oceanwide Green Energy Investment Co., Ltd.	Other accounts receivables	1,623,304,609.71
Changxin Capital Investment Management Co., Ltd.	Other accounts receivables	1,130,712,601.33
Oceanwide Horticultural Technology Engineering Co., Ltd.	Other accounts receivables	760,451.34
Oceanwide Horticultural Technology Engineering Co., Ltd.	Accounts payable	17,034.56
Oceanwide Horticultural Technology Engineering Co., Ltd.	Advances to suppliers	569,967,684.06
Tonghai Holdings Co., Ltd.	Other accounts receivables	28,303.38
Tonghai Holdings Co., Ltd.	Advance from customers	33,439,990.03
China Minsheng Banking Corp., Ltd.	Advance from customers	115,954.01

XII. Other Contents that Shall Be Disclosed in Accordance with Applicable Financial and Accounting Systems.

None.

XIII. Approval of Financial statements

The Company's financial statements for the current year have been approved by the Board of Directors of the Company.










